Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

Wheat

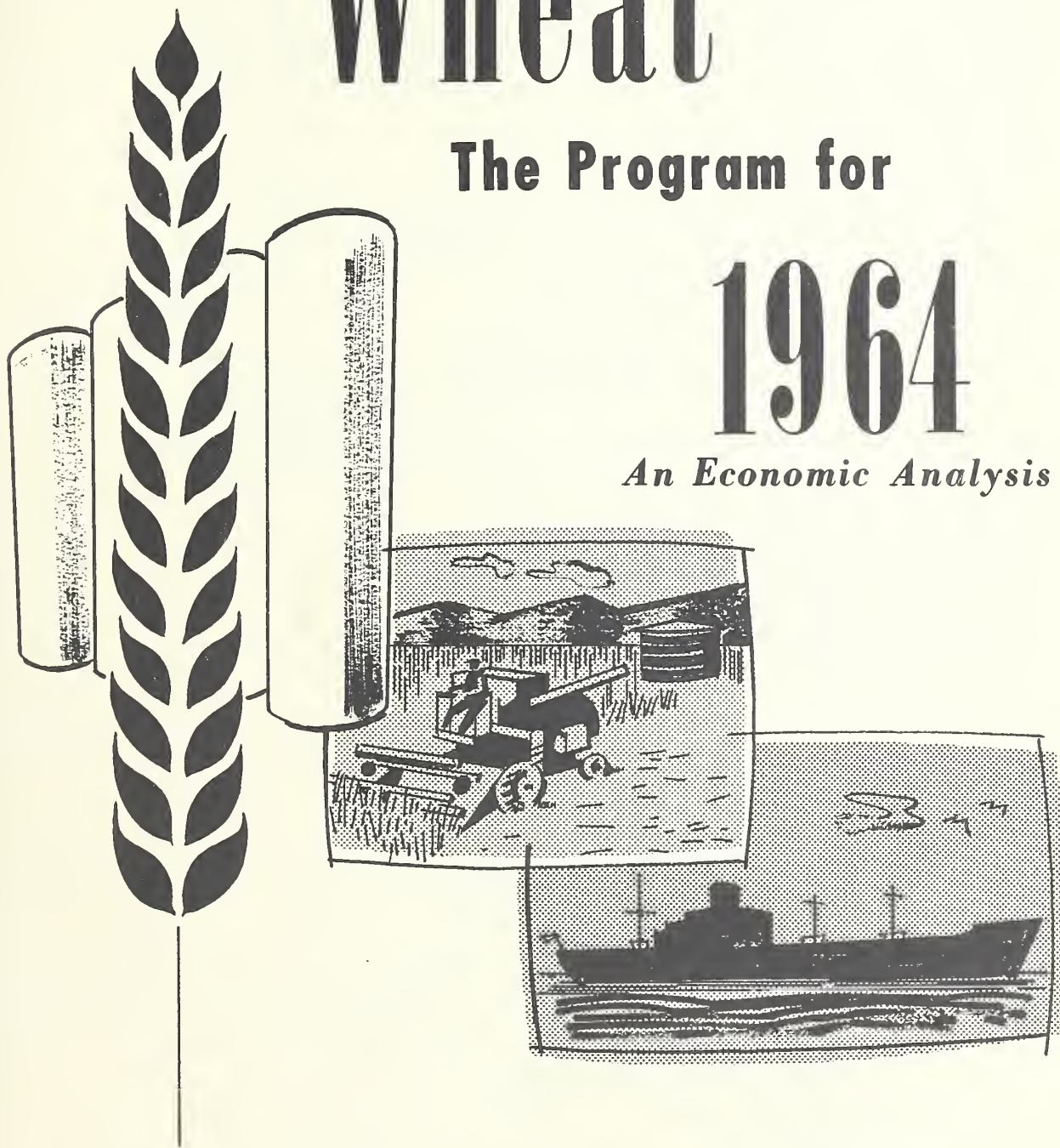## The Program for

1964

An Economic Analysis

UNITED STATES DEPARTMENT OF AGRICULTURE

CONTENTS

CONTENTS -Continued

PREFACE

The Agricultural Act of 1962 provides a long-range wheat program, to begin with the 1964 crop. The program is designed to bring production into balance with needs, reduce the surpluses built up in the 1950's to prudent reserves, support wheat farmers' incomes at favorable levels, and reduce program costs to the American taxpayer. Rather than to continue programs that are expensive and incapable of adjusting supply to demand, farmers may now decide whether they want price supports or essentially unsupported prices.....production geared to market needs or unlimited production.

Wheat growers themselves will determine--in a referendum vote to be held in the late spring of this year--whether or not the program goes into effect. The responsibility of the Department is to provide the farmer with full and detailed information as to the program, the alternatives it provides, and the effect of those alternatives.

We cannot, and will not, tell the farmer how to vote--that is his decision alone. But we can, and will, provide him with the accurate factual information he needs to make an informed decision.

The growers' decision in the referendum will be made about the time the 1963 harvest begins in the Southwestern United States, and about three months before fall seeding of winter wheat starts. It will be the earliest referendum in recent years, giving farmers more time than usual to make their plans for the coming year.

This economic analysis describes the 1964 program, and provides estimates of wheat prices, farm income, and other factors in the event wheat growers decide, by a two-thirds "Yes" vote, to put it into operation. It also provides estimates of what may be expected to happen to wheat prices, to farm income and to wheat production if more than one-third of the growers vote "No."

The study presented here has been prepared by the staff of the Department of Agriculture, and has been reviewed by a group of agricultural economists from land-grant universities in the major wheat growing areas. All the consultants have been actively engaged in research and research administration on national, regional, and local problems related to agriculture. They were invited to assist in outlining the study, and to appraise the estimates made by Department of Agriculture specialists. They have been particularly helpful in the Department's estimates of the effects of a "Yes" and a "No" vote on representative farms.

Orville L. Freeman
Secretary

Honorable Orville L. Freeman
Secretary of Agriculture
Department of Agriculture
Washington, D. C.

Dear Mr. Secretary:

The Agricultural Act of 1962 (PL 87-703) includes provision for a wheat program for the 1964 and subsequent crops. In accordance with this law, a national marketing quota will be proclaimed and a referendum will be held in the Spring of 1963 to determine whether wheat farmers favor marketing quotas. Two questions then confront wheat producers: What would be the consequences of a favorable vote? What would be the consequences of an unfavorable vote?

We, as a group of consultants from the Land Grant Colleges and Universities, accepted an invitation from your office to assist in outlining a study on these questions to be conducted by members of the staff of the Department and to review a draft of the resulting report. The invitation was accepted because we believe that, in view of the importance of the referendum to farmers, and to the public generally, an accurate explanation of the features of the new wheat program and good estimates of the implications of either a favorable or an unfavorable vote would be in the public interest.

The report concerns itself with existing wheat legislation and related feed grain legislation. It does not consider questions of what the situation might be if some other wheat legislation had been enacted or might be enacted in the future. The conclusions are cast in terms of short-run costs and returns in the wheat and feed grain sectors. The study does not examine long-run implications, nor does it enter into philosophical and other non-economic issues.

We, as consultants, believe the interpretation of the law and the historical data to be accurate. The assumptions and quantitative estimates appear to be reasonable. It is recognized that all such estimates must be based on the best information available from technical experts. While we offered suggestions and criticisms of the text, the final wording is the choice of the authors.

Sincerely yours,

Robert Rudd
University of Kentucky

Harold F. Hollands
Oregon State University

James Plaxico
Oklahoma State University

Norbert Dorow
North Dakota State University

Dale Hathaway
Michigan State University

C. Peairs Wilson
Kansas State University

The WHEAT PROGRAM for 1964

AN ECONOMIC ANALYSIS

SUMMARY

WHEAT PROGRAM PROVISIONS,* 1964

"YES" VOTE	"NO" VOTE
Acreage Allotments	
49 to 50 million acres (10% less than 1963)	49 to 50 million acres (Same as with "YES" vote)
Voluntary Diversion of Land	
Up to 20% of 1964 allotment	None
Diversion Payments	
30% of support level times normal yield on 10% mandatory diversion	None
50% of support level times normal yield on voluntary diversion	
Penalty for Overplanting	
65% of parity on actual production, or on twice normal production, from excess acres	Loss of price support
Price Support (Per Bushel)	
$2.00 (national average) on 80% of normal production on acreage allotment	About $1.20 to farmers complying with allotments
$1.30 on rest of production	No support to noncomplying farmers
Farm Marketing Quota	
Production on allotted acres	None
Marketing Allocations	
About 80% of normal production from allotted acres	None

PROBABLE RESULTS

National Gross Income From Wheat	
$2.3 billion	$1.6 billion
National Production	
1.1 billion bushels	1.5 billion bushels
Carryover Stocks	
Wheat stocks reduced 150 million bushels	Wheat or feed grain stocks increased substantially

*For special provisions affecting "small" farms, see Section I.

Table 1.--Comparative returns on representative farms 1/

Size and location of farm	"Yes" vote	"No" vote
1,200 acres, Columbia Basin	$ 17,717	$ 10,281
1,200 acres, Northern Plains, Winter wheat	10,344	4,436
1,200 acres, Northern Plains, Spring wheat	7,587	2,867
800 acres, Dakotas, Spring wheat	6,046	2,480
960 acres, Southern Plains, Fallow	6,580	2,960
640 acres, Southern Plains, nonfallow	4,724	1,962
180 acres, Corn Belt, 40 acres in wheat	1,232	426
133 acres, East, 12 acres in wheat	315	91

1/ Returns to operator and family labor and investment after paying direct and overhead costs, except for Corn Belt and East, which show returns above direct costs and for the wheat enterprise only.

The Program With a "Yes" Vote

Allotments, Quotas, Price Support

The 1964 program provides a national marketing quota of about 1.2 billion bushels, based on the national need for wheat. The national acreage allotment will be approximately 49.5 million acres.

Each wheat grower will have an acreage allotment-- his share of the national allotment. Producers with 15 acres or less will share in special "small farm" allotments.

Up to the number of bushels in the farm marketing allocation, wheat will return to growers about $2.00 a bushel, national average, whether marketed or put under price support. Wheat in excess of the marketing allocation will return to farmers about $1.30 a bushel, either through the market or price support. This is close to the world price and to the feeding value of the wheat.

Land Diversion

An important part of the 1964 program, aimed at holding production to desirable levels, is a plan to divert wheat land to other uses. Diverted acreage will be in two categories:

Mandatory diversion of about 10 percent of the 1963 allotment with payments at 30 percent of the support rate;

Voluntary diversion in addition up to 20 percent of the 1964 acreage allotment, with payments at 50 percent of the support rate.

The diverted land may be put to conservation crops, such as grass or legumes; it might be fallowed; or it could be planted to crops designated by the Secretary of Agriculture as being not in surplus supply.

A land-use penalty will apply, however, if diverted acres are planted to crops not permitted by law.

Wheat on Feed Grain Land

Under the 1964 wheat program farmers would be permitted to plant wheat on acres allotted to feed grains, if a feed grain program involving diverted acres is in effect in 1964, and if the referendum vote is favorable.

The Program With a "No" Vote

If more than one-third of the growers voting in the referendum vote "No," wheat price supports will drop to 50 percent of parity, about $1.20 per bushel, for growers who plant within their acreage allotments.

The announced national acreage allotment of about 49.5 million acres will not be changed. Wheat growers who plant more than their allotments will not be eligible for price support loans, but there will be no penalties.

With a "No" vote by growers, here are some of the things that may be expected:

Domestic Effects

Growers might plant 70 million acres or more of wheat, compared with 49 million acres in 1962; harvested acreage would be around 65 million, compared with 43 million acres in 1962.

Wheat production is estimated at about 1,500 million bushels, about 300 million more than can be used at home or exported.

Wheat prices will drop to a level based on wheat's value as livestock feed: probably about $1.10 with a feed grain program in effect, and as low as 90 cents with no feed grain program.

At these price levels, feeding of wheat to livestock might increase by about 100 million bushels a year, causing additional corn, sorghum grain and barley to be placed under Government price support.

At these prices and quantities, total farm income from wheat would drop from $2.3 billion in 1961-62 to about $1.6 billion.

International Effects

A "No" vote, with its resulting increase in production and drop in U. S. prices, would have repercussions felt throughout the world. For the first time in many years, U. S. prices could be lower than the minimum prices under the International Wheat Agreement.

This would result in various problems relating to U. S. rights and obligations under the I. W. A. Fulfillment of U. S. commitments in case of a "No" vote might necessitate an expanded Government role in wheat exports.

Background

About half the Nation's farmers produce wheat. Two-thirds of the wheat producers, about 1.2 million, have less than 10 percent of the allotted wheat acreage, planting less than 15 acres each.

In most peacetime years during the last four decades, U. S. farmers have produced more wheat than could be used domestically or exported at prices satisfactory to growers.

As U. S. population has increased, consumption of wheat per person has declined, leaving total consumption of wheat as food fairly stable. We eat about 500 million bushels of wheat a year; we have been producing a billion bushels or more. Carryover supplies, to meet normal needs with an allowance for emergencies, probably should be around 600 million bushels; carryovers recently have been more than twice this amount, reaching a peak of 1,400 million bushels in 1961.

Why a New Program is Needed

Government wheat programs in recent years have had three principal objectives:

1. To support wheat prices and farmers' incomes.

This objective has been accomplished fairly well. In most of the last 10 years, the wheat crop has been worth more than $2 billion.

2. To export more wheat.

This has been accomplished, with substantial Government assistance. Exports of wheat and flour have tripled, from 217 million bushels in 1953-54 to an all-time high of 718 million bushels in 1961-62.

Every bushel of wheat exported by the U. S., however, involves a subsidy or some other payment by the Government. For commercial exports, sold for dollars, mostly under the International Wheat Agreement, the subsidy rate early in 1963 is about 70 cents a bushel. These sales have averaged around 150 million bushels a year; sometimes more than 200 million bushels; one-fourth to one-third of total U. S. wheat exports. Most exports are under the Food for Peace Program, with foreign governments usually paying in their own currency, but with U. S. assistance.

3. To hold down wheat production.

This objective has not been achieved, because wheat acreage has been larger than necessary or desirable and because average yields per acre have increased.

From 1955 through 1961, the national acreage allotment, by law, could not be less than 55 million acres. This minimum acreage was one-third less than the planted acreage of the late 1940's. Any farmer could plant and market up to 15 acres of wheat, so acreage often was above the 55-million acre minimum. A grower who planted within his allotment was eligible for price support on all the wheat he produced. This encouraged use of the best technology, and average yields per acre increased about 50 percent in 10 years.

As a result of the excessive acreage and increased yields per acre, production in most years was greater than need, and carryover supplies built up to a peak of 1.4 billion bushels on July 1, 1961. Record high exports in the following marketing year reduced the carryover to 1.3 billion bushels in mid-1962; and the 1962 Emergency Wheat Program, which reduced the 1962 crop, is expected to cut the carryover to 1.2 billion bushels by July 1, 1963.

I. THE PROGRAM CHOICES FOR 1964

The Food and Agriculture Act of 1962 offers wheat growers a choice of two programs in 1964: one with a limited acreage of wheat, price support at a $2.00 per bushel average for most wheat marketed, and payments for reducing wheat acreage; the other with almost no limits on production or marketings, and with virtually no effective price support. The choice will be made in a referendum to be held in the spring of 1963.

A "Yes" vote by two-thirds or more of the growers voting in the referendum would put the first of these programs into effect, and it would apply to all wheat growers. A "No" vote by more than one-third of the referendum voters would put the second program into effect, with participation voluntary.

The basic 1964 wheat program includes a two-level system of price support with a bushel limit on marketings by any wheat grower at the higher support level; does away with the minimum national allotment; and provides payments to farmers for retiring part of their wheat land.

Bushel Needs Determine Acres

To determine the allotment for 1964 and each future year, the Secretary will first determine a NATIONAL MARKETING QUOTA in bushels, on the basis of estimated total requirements of wheat for domestic use and export, taking into account imports and the need to reduce CCC stocks. The 55 million acre minimum allotment will no longer be in effect.

The national marketing quota may not be less than 1 billion bushels. For 1964, it will be approximately 1.2 billion bushels.

From the marketing quota, the Secretary will calculate the NATIONAL ACREAGE ALLOTMENT, taking into account expected yields, normal abandonment, and other factors. The national acreage allotment for 1964, to be announced in March or April 1963, will be about 49.5 million acres.

"No" Vote

National and farm acreage allotments will remain in effect (as with a "Yes" vote). Compliance would be voluntary, being required only in order to get price support.

Price Support; Marketing Allocation

"Yes" Vote

The basic price support for 1964 will be $2.00 per bushel as a national average. County support prices will vary because of differences in location, class, and quality.

Price support will be offered at the $2.00 (national) level on the amount of wheat used domestically for food and on most wheat for export. This will be about 925 million bushels in 1964.

Participating growers will be assured of price support at $2.00 as a national average for wheat representing the farm share of the national marketing allocation. This will be about 80 percent of the normal production on the farm acreage allotment. For this wheat, the possible range of price support in the law is 65 to 90 percent of parity.

Wheat grown in 1964 in excess of the farm marketing allocation will return about $1.30 per bushel to the producer, either through the market or through price support. That price is approximately the world price level.

If more than one person is eligible for price support on the farm--landlord and tenant, for example--the farm marketing allocation will be apportioned on the basis of the respective shares in the wheat crop.

"No" Vote

If farmers do not approve the marketing quota program in the referendum, price support will be at 50 percent of parity (about $1.20) to those planting within their farm allotments.

Penalty for Overplanting

"Yes" Vote

Producers who exceed their farm acreage allotment will be subject to penalties as in previous programs. The marketing quota penalty will apply to such producers, and they will not be eligible for price support or land diversion payments. The penalty may be avoided or

postponed, and the producer made eligible for price support, by storing the excess production. Wheat so stored may be marketed later either because of a less than normal crop, or by paying the marketing quota penalty. Excess production will be determined as twice the normal yield on the acreage in excess of the farm allotment unless the grower can prove his actual production on the excess acreage. The penalty rate on any excess production will be 65 percent of the wheat parity price (about $1.55 per bushel).

"No" Vote

There would be no penalties for overplanting.

Land Use

"Yes" Vote

The land diversion program for 1964 is in two parts. Mandatory diversion is based on the old national acreage allotment of 55 million acres; on most farms it will be the same as in 1962--10 percent of the 1961 (or 1963) allotment. The grower will be eligible for payments of 30 percent of the basic support price ($2.00 average) for the number of bushels normally produced on this acreage.

In addition, the grower may voluntarily divert 20 percent of his 1964 acreage allotment. The payment rate on the voluntary diversion will be 50 percent of the ($2.00 average) support price.

Diverted acres are to be devoted to conservation or to other uses authorized by the Secretary. The land may be fallowed; the law permits the Secretary to authorize farmers to produce certain crops if they are not in surplus: guar, sesame, safflower, sunflower, castor beans, or flax. Grazing may be authorized under the law. Land use penalties equal to the wheat marketing quota penalties apply if the diverted acres are used to produce any crop not permitted by law.

"No" Vote

No diversion program.

The Program for "Small Allotment" Farms

Farms with wheat allotments of 15 acres or less increased about 15 percent between 1956 and 1961 to 1.2 million, two-thirds of the wheat-producing farms. While the allotted acreage on these farms was increased by only 200,000 acres, the number of acres actually planted increased by 1.4 million acres. Use of the "Small Farm" provision permitting any farmer to plant up to 15 acres of wheat for marketing without penalty was made by farmers in every State. It was used most extensively in the Corn Belt and Eastern States. Production in excess of the allotment on small farms has been about 135 million bushels annually.

"Yes" Vote

The small farm exemption under which any farmer could grow up to 15 acres of wheat is terminated. Provisions in the law for several years permitting up to 30 acres for home use on any farm are also terminated. Under the program for 1964 and subsequent years, farms which grew wheat under the 15-acre rule in 1959, 1960, or 1961 will get an allotment based on their 3-year average acreage.

Actually, a farmer with an allotment of less than 15 acres will have a choice of participating or not participating in the wheat program.

Participation

If a small wheat farmer wishes to vote in the referendum, he must so indicate prior to the balloting. This makes him subject to the acreage allotment and marketing quota provisions. His farm allotment will be the larger of (1) the average acreage on the farm in 1959-60-61 (total acreage in 3 years divided by 3) reduced by 10 percent, or (2) the acreage allotment determined in the same manner as the allotment on larger (over 15 acres) farms. If he complies with his farm allotment he is eligible for price support and for land diversion payments. However, if all of the wheat allotment on the farm were voluntarily diverted, there would be no marketing allocation for the farm.

Land diversion payments will be made on these farms on an acreage equal to the difference between the 1964 farm allotment and the farm's average acreage in 1959, 1960, and 1961 not in excess of 15 acres. Additional land may be diverted up to the 1964 allotment.

Nonparticipation

The small wheat farmer who decides not to participate in the price support or acreage diversion program may plant--without penalty--an acreage of wheat equal to the average of his 1959, 1960, and 1961 wheat acreage not to exceed 15 acres. As a nonparticipant, however, he will not be eligible for price support, for land diversion payments, or to vote in the referendum.

With a favorable vote in the referendum, small producers who exceed their farm base acreage will be subject to the marketing quota penalties applicable to other wheat producers and to loss of price support and land diversion payments.

"No" Vote

The program for "small allotment" farms will be the same as for larger farms, with price support at 50 percent of parity for growers who voluntarily comply with their acreage allotments.

II. REFERENDUM VOTE "YES"

The Program in Operation

Prior to the referendum, probably in March or April, the Secretary of Agriculture will announce the national requirement for wheat, the national marketing quota, and the national acreage allotment, along with other program details. If the wheat program receives a favorable two-thirds vote, the program described below will go into operation for the 1964 crop.

An estimate of total wheat requirements in 1964-65 is as follows (subject to revision):

	Mil. bu.
Domestic human food	500
Seed	52
Exports (cash and other)	630
Feed (1959-60 average) 1/	43
Total requirement (disappearance)	1,225

1/ As specified in the Food and Agriculture Act of 1962.

National Wheat Marketing Quota and Acreage Allotment

An estimate of the National Marketing Quota and the national production goal for the 1964-65 marketing year is calculated as follows:

	Mil. bu.
National requirement	1,225
Less expected imports	5
National Marketing Quota	1,220

Based on the National Marketing Quota, the Secretary will establish a National Acreage Allotment (the acreage needed to produce the National Marketing Quota of Wheat), taking into account expected yields, expected underplantings, and abandonment, as well as expected plantings on small farms.

Unofficial and preliminary estimates of acreage factors and of production for the 1964 crop are as follows:

PRELIMINARY CALCULATIONS OF BASIC FACTORS IN 1964 WHEAT PROGRAM

	Unit	Changes	Number
1963 national wheat acreage allotment	Million acres		55.0
Less mandatory diversion	Million acres	-5.5	
1964 National acreage allotment (tentative)			49.5
Plus small farm allotments and overplantings of allotments	Million acres	+3.7	
Less estimated voluntary diversion (6.5 million acres), underplantings and unexpired soil bank contracts	Million acres	-9.7	
Estimated acreage to be planted	Million acres		43.5
Less expected abandonment	Million acres	-2.3	
Estimated acreage to be harvested	Million acres		41.2
Harvested yield	Bushels per acre		26.0
Total production	Million bushels		1,070
Marketing Quota	Million bushels		1,220
Amount to be drawn from CCC supplies	Million bushels		150

Diverted Acres

Each grower will be required to divert about 10 percent of his 1963 wheat allotment to conservation use, and will be eligible for diversion payments at the rate of 30 percent of the county support price times his normal yield times the acreage diverted.

Any grower may voluntarily divert an additional 20 percent (or less) of his 1964 acreage allotment and be eligible for diversion payments at the rate of 50 percent of the county support price, times the normal yield, times the acreage diverted.

A grower with a 1964 allotment up to 48 acres may divert more than 20 percent of the allotment, so long as the total does not exceed 15 acres; a grower with a 1964 allotment of less than 15 acres may divert part or all of his allotment to conservation uses.

On a national basis, the voluntary acreage reduction is expected to be about 6.5 million acres. This diversion would be the principal factor in making it possible to reduce CCC stocks by 150 million bushels in 1964-65.

Income of Wheat Growers

With a 1964 crop 150 million bushels short of our needs, and with higher quality wheat attracting some premium, the average price received by farmers for wheat representing the national marketing allocation is expected to be above the support level--about $2.05 per bushel. Returns for wheat in excess of national and farm marketing allocations are estimated at $1.30 per bushel, much of this wheat would not be marketed, but would be seeded or fed. Land diversion payments are estimated at $250 million. The total value of the 1964 crop, plus diversion payments, would be as follows:

	Mil. dol.
National marketing allocation: 925 million bushels @ estimated average market price of $2.05	1,896
Other wheat, 145 million bushels @ $1.30 average return to producers	188
Land diversion payments	250
Total	2,334
Income from Wheat, including diversion payments, 1961-62 average (feed and seed valued the same as for the 1964 crop)	2,310

Supply and Disappearance of Wheat by Classes

If the 1964 wheat crop were about 1,070 million bushels, and if the acreage of all classes were about 20 percent below 1963 allotments, supplies after meeting requirements for domestic use and dollar exports would be about 200 million of Hard Red Winter, 75 million of White, 20 million of Soft Red Winter, 10 million of Hard Red Spring, and 2 million bushels of Durum.

The wheats with the smallest projected supplies above commercial needs--Durum and Hard Red Spring-- are those least involved in government export programs. Supplies of the classes which have made up most of the P. L. 480 shipments--Hard Red Winter and White-- would be plentiful.

Under the law the Secretary is permitted to increase the allotment for any class of wheat, for example, to meet any growth in the primary market or a shift in requirements among classes. It is not expected that this provision will be used for the 1964 crop.

Relationship to Feed Grains

A provision in the 1964 wheat program legislation permits the production of wheat on feed grain acreage if a feed grain program is in effect involving diversion of acreage.

Subject to conditions not now known, since there is no 1964 feed grain program in the law, farmers could substitute an acre of wheat for an acre of feed grains. If the representative wheat farms shown in Section IV were to do this, the effect on grain production would be about as follows:

Farm location	Pounds of grain produced per acre	
	Wheat	Feed grain
Columbia Basin, Oregon	2,040	1,920
N. C. Montana	1,410	1,420
N. E. Montana	1,020	1,090
E. Central North Dakota	1,070	1,150
Western Kansas	1,360	1,840
Central Kansas	1,010	1,760
Northwest Ohio	1,680	3,700
Southern Kentucky	1,500	2,910

In the main barley producing areas, substituting wheat for barley would have little effect on total grain output. In the grain sorghum areas, substitution would generally reduce feed production considerably. In corn producing areas the reduction in output would be so great that few farmers would consider growing wheat on feed grain acres. Production of wheat as feed is expected to take place mainly in the barley-producing areas of the Northern Plains and the Pacific Northwest.

Wheat grown instead of feed grain under this provision would be eligible for price support on the same terms applicable to other wheat in excess of the farm marketing allocation.

Effect on Bread Prices

The wheat program will maintain the cost of wheat to millers and bakers at about 1962-63 levels, so no increase in retail bread prices can be attributed to the 1964 wheat program.

Wheat represents about 2-1/2 cents in the price of a 21 cent loaf of bread; wheat's share has declined in recent years while the average retail price has gone up.

Table 2.--Distribution of retail price of bread, by recipients, 1947-49 and 1961

Recipient	1947-49		1961	
	Actual amount	Percentage	Actual amount	Percentage
	Cents	Percent	Cents	Percent
Farmers				
Wheat	2.7	20	2.4	11
Other	.6	4	.5	3
Grain elevators, transportation agencies, and processors of nonflour ingredients	1.2	9	1.5	7
Flour mills	.6	5	1.0	5
Baker-wholesalers	6.0	44	11.7	56
Retailers	2.4	18	3.8	18
Total	13.5	100	20.9	100

FARM VALUE OF INGREDIENTS AND RETAIL PRICE OF WHITE BREAD

U. S. DEPARTMENT OF AGRICULTURE   NEG. ERS 1194A-62(8) ECONOMIC RESEARCH SERVICE
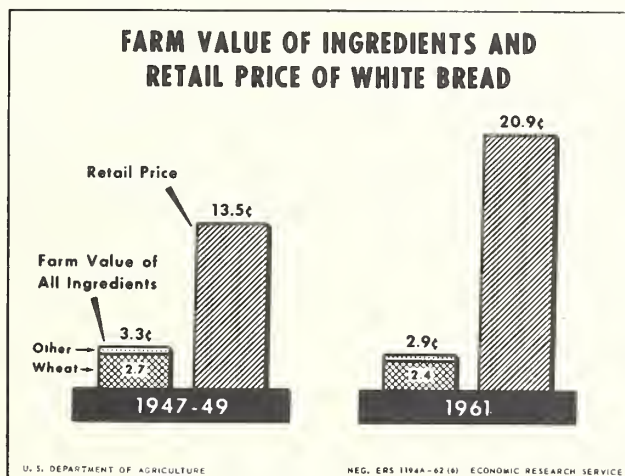
If more than one-third of the wheat growers voting in the referendum vote "No" price support is established by law at 50 percent of parity for growers who comply with their acreage allotments. The U. S. average support price would be about $1.20 a bushel.

A "No" vote on the referendum would not change the national acreage allotment (about 49.5 million acres) under the 1964 wheat program. There would be no penalties for noncompliance with acreage allotments; growers planting more land than their allotments, however, would be ineligible for price support loans.

THE SITUATION WITH A 1963-TYPE FEED GRAIN PROGRAM ·

With no penalties for noncompliance with acreage allotments, most farmers probably would exceed their allotments. The extent of noncompliance would depend somewhat upon the comparative returns from wheat and other crops, chiefly feed grains. However, a traditionally strong preference for producing wheat would be apparent in the major wheat producing areas.

If a feed grain program for 1964 similar to the 1963 program is enacted, market prices of feed grains would be near the (assumed) loan rates: corn, $1.07 a bushel; barley, $0.82; and grain sorghum, $0.96 (U. S. average). Price support for feed grains would provide a floor for wheat.

In this situation, the average price received by farmers for wheat is estimated at $1.10 per bushel. At that price, many farmers would grow as many acres of wheat as possible rather than comply with acreage allotments for wheat at the $1.20 loan rate.

The analysis of individual wheat farms (see Section IV) indicates that in the major wheat areas, most farmers probably would increase their wheat plantings because, even at low prices, the income from wheat would more than cover direct out-of-pocket costs and would offer greater returns than other crops.

The acreage of wheat that might be harvested in 1964 is estimated at around 65 million acres--about the same as the average for the years 1947-53, a period when wheat acreage was not restricted by allotments. Such an acreage would correspond to a seeded acreage of 70 million or more.

The additional land for growing wheat would come from several sources. Some of the 25 to 30 million acres of land that is idle and fallow in the western wheat growing regions would go to wheat. Many wheat growers, in those areas would elect to grow as much wheat as possible, especially if there were no feed grain program in 1964. Last, there would be the land released from wheat diversion in 1963 and from expiring Soil Bank contracts. The major shifts in acreages are estimated as follows:

	1961	1962	1964		
			"Yes" Vote	"No" Vote	Difference
			Million acres	Million acres	
Wheat planted	56	49	44	70	+26
Wheat diversion	---	7	12	---	-12
Feed grains	129	126	126	119	- 7
Feed diversion	19	22	22	22	---
Fallow, idle, etc.	36	36	36	29	- 7
Total	240	240	240	240	---

Because some of the additional land would be less productive, the national average yield would be about 3 bushels lower than if the total acreage harvested were around 42 million. Total production of wheat on 65 million harvested acres with an average yield of 23 bushels per acre would be around 1,500 million bushels.

Returns from Wheat

Under these conditions, the wheat crop would be worth approximately $1,650 million, based on the following estimates:

Acreage harvested .... 65 million
Average yield per
   acre harvested .... 23 bushels
Total production .... 1,500 million bushels
Market price .... $1.10 per bushel
Value of production .... $1,650 million

This gross return is not directly comparable to the $2,300 million received by wheat growers under the program that would be in effect with a "Yes" vote in the referendum. It includes the income from approximately

10 million acres which--with a "Yes" vote--would be in feed grains or in diversion programs. Considering only the 55-million-acre base, gross income, with a "No" vote, would be $1.3 to $1.4 billion--nearly $1 billion below the result with a "Yes" vote, and below 1961-62.

Supply and Disappearance

A crop of 1,500 million bushels, coupled with the expected July 1, 1964, carryover of 1,200 million, would provide a record large supply of wheat. Domestic food use would be 500 million bushels and exports are estimated to be 630 million bushels, the same as projected under a "Yes" vote. Requirements for seed would be about 85 million bushels if the 65-million harvested acre level were to be met. Thus, about 1,215 million bushels would be taken by the market from the current crop and about 300 million would remain for feed and for addition to CCC stocks.

With relatively few farmers complying with acreage allotments, possibly as little as 10 percent of the crop would be eligible for price support. Compliance would be greatest perhaps among small farmers who have little opportunity to expand production and particularly among those in the Corn Belt and East where wheat is not a major cash crop. If the full 10 percent of the crop eligible for price support were delivered to CCC, about 150 million bushels would still remain with no normal market except feed. The wheat available for feed would either push more feed grains--particularly barley and grain sorghum--into CCC, or would lead to heavier feeding per animal.

Production by Class

Expansion of wheat acreage probably would vary considerably among the major production areas. Where wheat is the major crop and the alternatives are limited, as in the Great Plains and Pacific Northwest, a sharp increase might take place. By contrast, because of the greater number of alternative cash crops, the Midwest would be expected to show little change in acreage, while wheat acreage in the East might decrease.

As nearly as can be predicted, production by classes in 1964 might increase from the 1957-61 average about as follows: Hard Red Winter, 20 percent; Hard Red Spring and Durum, 25 percent; White, 50 percent; and Soft Red Winter, little change. Total wheat production probably would increase to about 25 percent above average.

THE SITUATION WITH NO CHANGE IN FEED GRAIN LEGISLATION FOR 1964

Up to this point, this analysis has considered wheat production, disappearance and price under the assumption of a 1964 feed grain program similar to that in effect for 1963 with the corn loan rate about $1.07. However, present legislation provides that feed grain prices in 1964 will be supported between 50 and 90 percent of parity, at a level that would avoid an addition to stocks. Unless this legislation is changed, supports on feed grains with a "No" vote on wheat, probably would have to be set at the lower limit, which would be about 80 cents a bushel for corn.

Effect on Income

If most farmers did not comply with wheat allotments and if they harvested 65 million acres, wheat prices would decline to the feed grain level. With a corn price of about 80 cents per bushel, the price of wheat would be about 90 cents per bushel. The 1,500-million-bushel crop would be valued at about $1,350 million.

If most farmers complied with their allotments, and if prices averaged near $1.10, or 10 cents below the loan rate, the total value of production would be about the same. However, the smaller acreage planted to wheat would mean that a larger acreage could be put in feed grains.

Depending on distribution of crops produced on this additional acreage, farmers might add $100 million to $200 million to their gross income by planting within wheat allotments. Because most farmers in specialized wheat areas strongly prefer to grow wheat, even if there is no feed grain program in effect, a large increase in wheat acreage would be expected.

In the Pacific Northwest, especially, farmers would probably increase wheat acreage at the expense of feed grains, even if there were a feed grain program. It is also anticipated that there would be a net increase in total grain acreage, with a further depressing effect on market prices of all grains.

Effect on Livestock Industry

Grain prices based on corn at about 80 cents a bushel, if continued for several years, would upset the stability which has characterized the livestock industry in recent years. Over a period of several years cattle prices would decline to about 17 or 18 cents a pound; within two years hog prices might drop to 12 or 13 cents. Prices of poultry, eggs and milk would be similarly depressed. These estimates are in line with results of studies reported in 1959 and 1960 by the Senate Committee on Agriculture and Forestry, and the Joint Economic Committee, as well as independent studies by several universities.

International Implications of a "No" Vote

The current International Wheat Agreement, which runs to July 31, 1965, is the latest in a series which began in 1949. Negotiations took place almost every year for about 20 years prior to 1949 to achieve an agreement to remedy chaotic conditions in the international wheat situation stemming primarily from low prices. Between 1929 and 1944, prices for high quality wheat at the head of the Great Lakes ranged from $1.20 down to 40 cents per bushel, and held at 60 cents or less for as many as

8 years in that period. The United States took an active part in all the efforts to achieve an agreement which would remedy the situation for the benefit of the American economy and specifically wheat growers, as well as to improve international trade conditions. The resulting International Wheat Aggreements--regularly reviewed, revised, and extended--have had this result.

U. S. farm organizations, wheat growers associations, cooperatives, and others have supported United States participation in the International Wheat Agreements, notably the current agreement negotiated in 1962.

The most important element in the agreement is the price range. The United States and nine other exporting countries, together with 36 importing countries, have undertaken to conduct all commercial trade within a price ranged based on $1.62 1/2 minimum to $2.02 1/2 maximum for No. 1 Northern Spring in store at Fort Williams, Canada. This is equivalent to a range of about $1.15 to $1.55 for U. S. Hard Red Winter wheat on the farm.

The U. S. wheat price--support program and the Wheat Agreement price range complement each other. The former supports the domestic level and the latter the international level. If the domestic acreage restrictions were to be swept aside and price supports sharply reduced, the present means for maintaining export prices would not exist.

Serious uncertainty in world wheat markets would follow a "No" vote. With a U. S. wheat crop estimated at 1,500 million bushels, even if exports continued at about 600 million bushels, there would be 300 million bushels of wheat a year--mostly not eligible for price support-- to be moved into feed or other markets. Annual average prices would be as low as $0.90 to $1.10 per bushel on U. S. farms. If this were to occur, other suppliers of the world's wheat and flour could not maintain a price level higher than U. S. offerings. World prices would follow any drastic decline in U. S. prices.

Hard Red Winter wheat of average quality is being exported early in 1963 at prices equivalent to about $1.35 per bushel for average quality and location on U. S. farms. This is about 20 cents per bushel above the minimum price in the IWA. If the farm price were to average 90 cents per bushel (without a feed grain program), or $1.10 per bushel (with a feed grain program), and if the United States exported wheat at those prices, the yearly average world price would fall some 25 to 45 cents from present levels. This would be 5 to 25 cents below the agreement minimum. Such prices would either break the International Wheat Agreement

or would require emergency arrangements to keep it in force. Countries like Canada--which earn a major part of their foreign exchange from wheat--would be seriously injured.

The Agreement does provide means by which the International Wheat Council may deal with defaults. These include expulsion of the defaulting member from the Agreement. Also, there is provision in the Agreement for withdrawal by members if action which is prejudicial to their interests is taken by any member country affecting the operation of the Agreement. Breach of the price range could be expected to result in collapse of the Agreement.

Any potential default by the United States because of a "No" vote would not occur until mid-1964. In the meantime, the means to avert breach of the IWA would be explored.

There has been a possibility of incompatibility between U. S. prices and the IWA price range in earlier wheat referendums as well as in the present case. Commitments under the 1962 Agreement, however, coupled with the close referendum result in 1962, make it even more urgent that this matter be seriously studied.

Because there is a Constitutional prohibition against export taxes, other means of keeping prices up to the IWA minimum would have to be explored. One possible means of avoiding violation of the treaty by the United States would be by Government exports of all wheat. The President may take action under authority provided in the IWA Act to prohibit or restrict exportations if, in his judgment, this action is necessary to implement the International Wheat Agreement. The Act also authorizes CCC to make available or cause to be made available wheat at such prices as are necessary to exercise the rights, obtain the benefits and fulfill the obligations of the United States under the IWA. Under this authority, CCC might become the sole supplier of wheat for exportation under the IWA if it is determined that this is necessary to avoid a default in U. S. obligations under the Agreement.

If such an operation were carried out for IWA exports in order to avoid breaking the IWA, it would be necessary for sales to nonmember countries to be made at prices within the IWA range. It has long been the view that a lower price, outside the Wheat Agreement, would break the Agreement. The only means of doing this may be for CCC to become the sole supplier of wheat on all exportations. However, this alternative would involve serious changes in the normal method of carrying on trade.

IV. COMPARISONS OF RESULTS

COMPARISON OF INCOME ON REPRESENTATIVE FARMS

Estimated returns on representative wheat producing farms in 1964 are shown in this section for the two alternative programs--one resulting from a "Yes" vote and the other from a "No" vote in the wheat referendum. These are the kinds of comparisons farmers will be making for their own farms.

The selected farms all are family-operated and are representative of commercial wheat farming in the area. Some of them are cash-grain farms. Others--in the Southern Plains, Northern Plains, Ohio, and Kentucky-- are grain farms that also produce forage and livestock. In all cases, the comparisons are limited to wheat and feed grains, disregarding returns from other crops and from livestock.

With the program resulting from a "No" vote in the referendum, the return for operator labor and investment on the example farms would be less than half what it would be with a "Yes" vote (table 3). This would be true whether the farmer participated in the wheat allotment or feed grain diversion programs or ignored them. The chief reason for a lower expected income with a "No" vote is the lower price support for wheat-- about 50 percent of parity price as compared to nearly 85 percent with a favorable referendum vote.

Under the wheat program that would result from a "No" vote, many--probably most--wheat farmers would not comply with their wheat acreage allotments, even though some of the farm examples given here show a small income advantage for compliance because the price support would be 10 cents higher than the estimated market price. Many wheat farmers in the Plains and the Pacific Northwest would forego the small price differential in order to seed a larger acreage; this would be to their advantage individually if there were a "bumper" crop. Such action by many farmers, of course, would turn eventually to the disadvantage of all because of the aggregate overproduction that would result.

With a "No" vote, the farmer who had considerable cropland in addition to his grain base acreage might find it more profitable to stay out of both the wheat and feed grain programs, and to expand his total grain acreage. Such "non-base" land might now be idle, fallow or in forage crops.

With a "No" vote, wheat farmers in the eastern areas likely would comply with allotments or go out of wheat production entirely. If they continued to grow wheat, many would comply with allotments because they have little incentive for expanding acreage as do western farmers. A second route would be to go out of wheat production because of expected low returns from wheat

at feed grain prices. Using wheat land for feed grains might be attractive, especially if a feed grain price support program were in effect.

With a "Yes" vote, most farmers would have several choices in the extent and kind of program participation, in most cases without affecting greatly the net incomes that would result. On the representative farms in Oregon and Kansas, the minimum wheat diversion would be slightly more profitable; but on the representative farms in Montana, North Dakota, and Ohio maximum diversion would be slightly more profitable. In most instances the difference in returns would amount to less than $200. In each area, the farms with below-average yields would tend to find maximum diversion profitable. In sum, a substantial degree of voluntary diversion beyond the minimum required for program participation could be expected in all wheat producing regions.

If a feed grain diversion program also is in effect in 1964, farmers would have a still wider choice of ways in which they could participate in the wheat and feed grain programs. They would be able to grow wheat as a feed on their feed grain base acreages, and would be interested in comparing returns from wheat at the (non allocation) price of $1.30 (U. S. average) and from their principal feed grain. Such data are computed for the representative farms in table 4. At the lower loan rate of $1.30, wheat would bring higher returns than barley on the Oregon, Montana, and North Dakota farms, but somewhat lower returns than grain sorghum on the Kansas farms and lower than corn on the Ohio and Kentucky farms.

As the representative farms are studied it should be kept in mind that it is assumed that a feed grain diversion program much like that of 1963 is in effect.

How the 1964 Wheat Program Would Operate on a Farm

Suppose a farm had a 1963 wheat allotment of 100 acres; this is the farm's new wheat base acreage for purposes of the 1964 program. Assume the expected average wheat yield is 25 bushels and the applicable support price is $2.00 a bushel for the marketing allocation and $1.30 for other wheat.

The 1964 wheat allotment on the farm would be 90 acres, a 10 percent reduction from the 100-acre allotment in 1963. The farmer would divert the difference between this 1963 allotment and his 1964 allotment acres--10 acres--to a conserving use. He would earn a payment of $150 computed as follows: 30 percent times $2.00 (the support price) times 25 bushel yield times 10 acres.

The farmer could grow his 90-acre allotment of wheat or he could voluntarily divert up to 20 percent (18 acres) of the 1964 allotment to conserving uses. The payment for voluntary diversion would be computed: 50 percent times $2.00 times 25 bushel yield. The diversion payment rate per acre for this farm would be $25.00, and the payment for maximum voluntary diversion, $450.00.

The farm would also receive a wheat marketing allocation--the amount of wheat that would be supported at $2.00. The farm-marketing allocation is assumed to be 80 percent of the normal production of the allotted acres. On this farm the marketing allocation would come to 1,800 bushels, computed: 80 percent times 90 acres times 25 bushels. To produce this much wheat, the farmer would harvest 72 acres of wheat (72 acres @ 25 bushel yield = 1,800 bushels).

The 18 remaining acres of wheat allotment could be used to produce wheat valued at about $1.30, or it could be voluntarily diverted to conservation uses. With an average yield, the 18 acres would produce 450 bushels of wheat worth $585 at $1.30 a bushel. The voluntary diversion payment would be $450. Returns above estimated direct expenses for the two uses of the 18 acres compare as follows:

	Nonallocation wheat	Voluntary diversion
Wheat produced, bushel	450	0
Value at $1.30	$585	---
Diversion payment	---	450
Direct expenses on:		
Wheat at $10.00 an acre	180	---
Diversion at $2.00 an acre	---	36
Return above direct expenses	405	414

Under these assumptions voluntary diversion would pay slightly better than wheat, with less labor involved.

Farm Examples

Two income budgets were prepared for each farm example--one for the situation if the referendum vote is "Yes," the other if the vote is "No." Each budget represents the best alternative available whether minimum or maximum diversion, compliance or noncompliance with wheat acreage allotment. It is assumed that there will be a feed grain price support and acreage diversion program similar to the 1963 program whether or not the wheat referendum passes. To be eligible for price supports and diversion payments the farm would divert a minimum of 20 percent of its feed grain base acreage, for which it would receive a payment computed: 20 percent of the support price times the normal production on the diverted acreage. A voluntary diversion of up to 20 percent of the feed grain base acreage would earn a payment of 50 percent of the support price times the normal production on the acreage thus diverted. Farms making the minimum mandatory diversion would earn support price payments: corn, 18 cents, grain sorghum, 16 cents, and barley 14 cents per bushel, U. S. average. Production and income are based on average crop yields for commercial farms in the area, adjusted for trend. Prices and commodity loan rates are those applicable to the local area. Production expenses are computed at current levels. Income from the wheat enterprise was computed in the manner of the preceding illustration.

PROGRAM COMPUTATIONS FOR EXAMPLE FARM

Wheat base acreage (1963 allotment)	100	
Mandatory diversion, acres	10	
Wheat acreage allotment, acres	90	
Normal production on acreage allotment @ 25 bu.	2,250	
Marketing allocation (80% of above)	1,800	

Returns:

Mandatory diversion payment 30% X $2.00 X 25 bu. X 10 ac.	$150
Value of marketing allocation wheat, 1,800 bu. @$2.00	3,600
Value of nonallocation wheat, 450 bu. @ $1.30	585
Total returns	$4,335
Less direct expenses:	
On 90 acres of wheat @ $ 10.00	$900
On 10 acres of diversion @ $2.00	20
Return above direct expenses	$3,415

- 20 -

Table 3.- Comparison of returns above costs on representative farms
under the 1964 Program with a "Yes" and "No" vote [1]

Specified situations [2]	Columbia Basin Oregon	North Central Montana	North-east Montana	E. Central North Dakota	Western Kansas	Central Kansas	North-west Ohio	Southern Kentucky
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
"Yes" Vote:								
Minimum diversion on wheat	17,717	10,207	7,228	5,816	6,580	4,724	1,159	288
Maximum diversion on wheat	17,566	10,344	7,410	5,912	6,499	4,593	1,232	315
Minimum (wheat subst.) [3]	17,508	10,120	7,404	5,958	6,371	4,084	[4]	[4]
Maximim (wheat subst.) [3]	17,358	10,257	7,587	6,046	6,296	4,053	[4]	[4]
"No" Vote:								
Compliance on wheat	10,281	4,436	2,867	2,480	2,960	1,962	426	91
Noncompliance on wheat	9,005	4,089	2,676	2,375	2,561	1,348	374	75
All farm in wheat [5]	8,556	3,674	2,603	2,323	2,245	614	[4]	[4]

[1] Returns to operator and family labor, land and other investments; except Ohio and Kentucky, returns above direct costs from wheat only.
[2] All situations assume participation at optimum level in a feed grain diversion program like that of 1963.
[3] Assumes wheat can be grown on permitted feed grain acreage provided farm diverts 20 percent of its feed grain base to conserving uses.
[4] Substitution of wheat for corn not considered on Ohio and Kentucky farms.
[5] Assumes farm participates in neither wheat or feed grain program and grows only wheat.

Table 4.- Comparison of returns and costs per acre, wheat vs. feed grains,
"Yes" vote situation, on representative farms

Item	Unit	Columbia Basin Oregon	North Central Montana	North-east Montana	E. Central North Dakota	Western Kansas	Central Kansas	North-west Ohio	Southern Kentucky
Wheat									
Av. yield (harv. acre) [1]	Bu.	34.0	23.0	17.0	17.8	22.6	16.9	28.0	25.0
Loan rate per bu. (U.S. at $1.30)	Dol.	1.34	1.11	1.22	1.33	1.27	1.30	1.32	1.37
Gross income	"	45.56	25.53	20.74	23.70	28.50	21.97	36.96	34.25
Direct expense [3]	"	12.50	8.95	8.20	12.30	7.90	7.70	22.00	23.00
Return above direct cost [4]	"	33.06	16.58	12.54	11.40	20.60	14.27	14.96	11.25
Feed grain		Barley	Barley	Barley	Barley	Gr. sorg.	Gr. sorg.	Corn	Corn
Av. yield (harv. acre) [1]	Bu.	40.0	29.5	22.6	24.0	32.8	31.4	66.0	52.0
Support price per bu. [2]	Dol.	1.07	.80	.77	.88	1.02	1.05	1.27	1.28
Gross income	"	42.80	23.60	17.40	21.12	33.46	32.97	83.82	66.56
Direct expense [3]	"	11.20	8.20	7.40	11.70	10.80	9.50	31.00	32.00
Return above direct cost [4]	"	31.60	15.40	10.00	9.42	22.66	23.47	52.82	34.50

[1] Fallow used in growing wheat and barley in Oregon and Montana, part of the wheat and barley in North Dakota, most of the wheat and some of the grain sorghum in western Kansas. Winter wheat in Oregon, Kansas, Ohio, Kentucky and most of north central Montana; spring wheat in northeastern Montana and North Dakota. [2] Includes loan rate: barley $0.82; grain sorghum $0.96; corn $1.07 all U.S. average, and special support payments: barley 14 cents, grain sorghum 16 cents, corn 18 cents. [3] Does not include overhead expenses such as depreciation, taxes, insurance, rent and interest on invested capital. [4] Available to cover overhead expenses, operator and family labor, and a return to management and invested capital.

Table 5.- Returns from wheat and feed grains on a 1,200-acre wheat farm,
Columbia Basin, Oregon, under 1964 program
Typical of: Wheat fallow areas, Pacific Northwest

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/
Base acreage (1963 allotment)	390	210	390	210
Diverted acres	39	---	---	---
Harvested acres	351	210	6/351	7/249
Average yield per acre	34	40	34	40
Production, Bu.	11,934	8,400	11,934	9,960
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	2.04	---	---	---
Other wheat loan rate, per bu.	1.34	---	1.24	---
Market price, per bu.	---	.99	1.14	.99
Crop sales	2/22,675	8,316	14,798	9,860
Support payments 3/	---	---	---	---
Diversion payments	812	---	---	---
Gross returns	23,487	8,316	14,798	9,860
Direct expenses 3/	4,534	2,352	4,388	2,789
Overhead expenses 4/	7,200		7,200	
Returns 5/	17,717		10,281	
Returns with no wheat compliance	---		9,005	

1/ Barley. 2/ Includes 9,547 bushels of marketing allocation wheat at
$2.04 and 2,387 bushels of "other" wheat at $1.34. 3/ Includes seed, fertili-
zer, tractor fuel, repairs, custom services and other out-of-pocket expenses.
4/ Includes depreciation, taxes, insurance and other overhead expenses.
5/ Returns to operator and family labor and to land and other investment.
6/ Wheat acreage allotment. 7/ Includes 39 acres from wheat used for barley
since farm is not participating in a feed grain program.

This is a cash-grain farm in a winter wheat-summer fallow area. Seedings that winterkill are reseeded to spring wheat. Winter barley, also grown on fallow, is considered a poor alternative to wheat. Fertilizer and modern techniques have increased yields and with large scale operations have made wheat production efficient.

YES VOTE: Highest returns under the specified assumptions would be with a minimum wheat diversion of 39 acres and no diversion of barley. Additional voluntary diversion on this farm would not pay. It would pay with a wheat yield below 30 bushels. Thus some farms in the area would divert the maximum wheat acreage.

Because barley is a "risky" crop, many farmers would prefer to substitute wheat on their barley land if that were permitted.

NO VOTE: Returns would be about half as large as with a "Yes" vote, because of the much lower price for wheat. With a "No" vote, returns would be about $1,200 more if the farmer complied with his wheat allotment. But even so, many farmers in the Columbia Basin would stay out of the wheat program, stay out of a barley program like that of 1963, and would put the entire farm in wheat.

- 22 -

Table 6.- Returns from wheat and feed grains on a 1,200-acre wheat farm, North Central Montana, under 1964 program

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/
Base acreage (1963 allotment)	393	185	393	185
Diverted acres	109.8	37	---	37
Harvested acres	283.2	148	7/354	148
Average yield per acre	23.0	29.5	23.0	29.5
Production, Bu.	6,514	4,366	8,142	4,366
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	1.81	---	---	---
Other wheat loan rate, per bu.	1.11	---	1.01	---
Market price, per bu.	---	.72	.91	.72
Crop sales	2/11,790	3,144	8,223	3,144
Support payments 3/	---	611	---	611
Diversion payments	1,961	175	---	175
Gross returns	13,751	3,930	8,223	3,930
Direct expenses 4/	2,788	1,299	3,168	1,299
Overhead expenses 5/	3,250		3,250	
Returns 6/	10,344		4,436	
Returns with no wheat compliance	---		4,089	

1/ Barley. 2/ Includes 6,514 bushels of marketing allocation wheat at $1.81, and no "other" wheat. 3/ Normal barley production (4,366 bu.) on 148 acres at 14 cents a bushel. 4/ Includes seed, fertilizer, tractor fuel, repairs, custom services and other out-of-pocket expenses. 5/ Includes depreciation, taxes, insurance and other overhead expenses. 6/ Returns to operator and family labor and to land and other investment. 7/ Wheat acreage allotment; leaves 39 acres for idle, fallow.

This is a cash-grain farm in a winter wheat-summer fallow area. Seedings that winterkill are re-seeded to spring wheat. Only a small acreage of barley is grown except when wheat acreage is restricted. Barley is generally regarded as a poor economic alternative to wheat.

YES VOTE: Highest returns would be with a maximum diversion of 110 acres of wheat, and a minimum diversion of 37 acres of barley. But returns would be almost as large (within $150) with a minimum wheat diversion. Hence some farmers would divert the minimum and others the maximum acreage permitted under the program. Although returns from nonallocation wheat would be slightly lower than returns from barley, some growers would prefer to substitute wheat for barley on their feed grain base.

NO VOTE: Returns would be less than half as large as with a "Yes" vote, because of the much lower price of wheat ($1.01 vs. $1.81 per bushel). With the loan rate for wheat 10 cents per bushel above the expected market price of 91 cents, returns would be highest by complying with the wheat acreage allotment. Net returns above direct costs on the 393 acre wheat base would be about $5,055 with compliance and about $4,708 with noncompliance. Even so, some growers would not comply, and would seed the entire base acreage to wheat on the chance of getting a "bumper" wheat crop. Noncompliance would be widespread if in 1964 the wheat crop prospects looked favorable.

Table 7.- Returns from wheat and feed grains on 1200-acre wheat farm, Northeast Montana, under 1964 program
Typical of: Wheat-fallow areas, Northern Spring wheat

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/ 1-a
Base acreage (1963 allotment)	393	185	393	185
Diverted acres	109.8	37	---	37
Harvested acres	283.2	148	7/ 354	148
Average yield per acre	17.0	17.0	17.0	22.6
Production, bu.	4,814	2,516	6,018	3,345
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	1.92	---	---	---
Other wheat loan rate, per bu.	1.22	---	1.12	---
Market price, per bu.	1.22	1.22	1.02	.69
Crop sales	2/9,243	3,070	6,740	2,308
Support payments	---	---	---	3/468
Diversion payments	1,537	129	---	129
Gross income	10,780	3,199	6,740	2,906
Direct expenses 4/	2,454	1,258	2,959	1,139
Overhead expenses 5/	2,680		2,680	
Returns 6/	7,587		2,867	
Returns with no wheat compliance			2,676	

1/ Wheat grown on feed grain base. 2/ Includes 4,814 bushels of marketing allocation wheat at $1.92 and no other wheat. 3/ Normal barley production (3,345 bu.) on 148 acres at 14 cents. 4/ Includes fuel, fertilizer, tractor fuel, repairs, custom services and other out-of-pocket expenses. 5/ Includes depreciation, taxes, insurance and other overhead expenses. 6/ Returns to operator and family labor and to land and other investment. 7/ Wheat acreage allotment; leaves 39 acres for idle, fallow. 1-a Barley.

Spring wheat and barley are grown on summer fallowed land. Hard red northern spring wheat when high in protein may command a premium of several cents a bushel. Price differentials between wheat and barley are rather wide here, making barley a poor alternative to wheat.

YES VOTE: Returns would be slightly (about $180) higher with maximum (110 acres) than with minimum (39 acres) diversion of wheat acreage. This means that voluntary diversion ($15.12 per acre) would pay better than nonallocation wheat ($12.54). The difference in total income would be enough that many farmers would go for maximum diversion. Wheat at the nonallocation price would pay slightly better than barley ($11.35 per acre) at the support price; hence, wheat is substituted for barley in the feed grain column of the table. Most farmers would participate in the 1964 wheat program with a maximum diversion, would participate in a feed grain diversion program like that of 1963, and would substitute wheat on their feed grain base if permitted.

NO VOTE: With a "No" vote the returns would be little more than a third as large as with a "Yes" vote. Best alternative under a "No" vote would be compliance with the wheat acreage allotment, combined with participation in the assumed feed grain diversion program. However, the advantage of participating in either a 1964 "No" vote wheat program or a feed grain program are minor. Thus many farmers would not participate in either but would grow wheat from fence to fence.

- 24 -

Table 8.- Returns from wheat and feed grains on 880-acre grain-livestock farm, East Central North Dakota, under 1964 program
Typical of: South Dakota and Western Minnesota

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/ 1-a
Base acreage (1963 allotment)	214	111	214	111
Diverted acres	59.6	22	21	22
Harvested acres	154.4	89	7/193	89
Average yield per acre	23.8	17.5	23.8	22.6
Production, bu.	3,675	1,558	4,593	2,011
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	2.03	---	---	---
Other wheat loan rate, per bu.	1.33	---	1.23	---
Market price, per bu.	---	1.33	1.13	.80
Crop sales	2/7,461	2,072	5,649	1,609
Support payments	---	---	---	3/282
Diversion payments	1,237	88	---	88
Gross returns	8,698	2,160	5,649	1,979
Direct expenses	2,036	1,146	2,422	1,096
Overhead expenses	1,630		1,630	
Returns	6,046		2,480	
Returns with no wheat compliance	---		2,375	

1/ Wheat grown on feed grain base. 2/ Includes 3,675 bushels of marketing allocation wheat at $2.03 and no "other" wheat. 3/ Normal production (2,011 bu.) on 22 acres at 14 cents. 4/ Includes seed, fertilizer, tractor fuel, repairs, custom services and other out-of-pocket expenses. 5/ Includes depreciation, taxes, insurance and other overhead expenses. 6/ Returns to operator and family labor and to land and other investment. 7/ Wheat acreage allotment; leaving 21 acres for idle fallow. 1-a Barley.

On this farm most of the spring wheat is grown on summer fallow land. Other grain crops, principally barley and flax, are grown in continuous cropping. Flax is a cash crop; barley may be a feed crop or may qualify for the more favorable malting barley market. Some cropland is producing forage for small beef or dairy herds. Only the wheat and feed grain enterprises are analyzed here.

YES VOTE: Highest returns from the wheat and feed grain base acreages would be achieved with a maximum diversion of wheat and the minimum diversion of feed grains. Returns above expenses on voluntary diversion of wheat ($21.86 per acre) would exceed the returns from nonallocation wheat ($19.35) on the wheat land. Nonallocation wheat would pay better than barley ($9.49) on the feed grain land. But the farm returns from grain would differ less than $200 with any combination of minimum or maximum wheat diversion and with wheat or barley grown on the feed grain land.

NO VOTE: Returns from the wheat and feed grain base would be less than half what they would be with a "Yes" vote. With a "No" vote, the difference in farm returns is only $105 between complying and not complying with the wheat acreage allotment. Many farmers would stay out of the wheat program, especially if they had land outside the grain base on which to expand grain production. Some would turn to flax--a difficult crop for many farmers to grow.

Table 9.-Returns, 960-acre cash-grain farm, Western Kansas
Typical of: Wheat-fallow areas, Southern Plains

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/
Base acreage (1963 allotment)	270	122	270	122
Diverted acres	27	24	---	---
Harvested acres	243	98	7/243	8/149
Average yield per acre	22.6	32.8	22.6	32.8
Production, bu.	5,492	3,214	5,492	4,887
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	1.97	---	---	---
Other wheat loan rate, per bu.	1.27	---	1.17	---
Market price, per bu.	---	.86	1.07	.86
Crop sales	10,051	2,764	6,371	4,203
Support payments	---	3/ 515	---	---
Diversion payments	361	160	---	---
Gross returns	10,412	3,439	6,426	4,203
Direct expenses 4/	2,001	1,130	1,920	1,609
Overhead expenses 5/	4,140		4,140	
Returns 6/	6,580		2,960	
Returns with no wheat compliance			2,561	

1/ Grain sorghum. 2/ Includes 4,394 bushels of marketing allocation wheat at $1.97 and 1,098 bushels of "other" wheat at $1.27. 3/ Normal grain sorghum production (3214 bu.) at 16 cents. 4/ Includes seed, fertilizer, tractor fuel, repairs, custom services and other out-of-pocket expenses. 5/ Includes depreciation, taxes, insurance and other overhead expenses. 6/ Returns to operator and family labor and to land and other investment. 7/ Wheat acreage allotment. 8/ Includes 27 acres from wheat base, used for grain sorghum.

This is a cash-grain farm, winter wheat-summer fallow area, in the Southern Plains. Some grain sorghum is also grown on fallow land. A rotation of wheat-sorghum-fallow is the most profitable. New sorghum hybrids and improved practices make sorghum a closer economic, alternative to wheat than formerly.

YES VOTE: Returns would be slightly higher (about $80) with minimum(27 acres) than with maximum (76 acres) wheat diversion. Minimum diversion and a larger acreage of wheat seeded would pay off in case of a "bumper" wheat crop; maximum diversion would pay better with a poor crop. Wheat at the nonallocation price would return slightly less income than grain sorghum at the support price. Nevertheless, some farmers would prefer to grow wheat rather than grain sorghum. If the fall-seeded wheat should winterkill, it could be replanted to grain sorghum--two chances for a crop the same year.

NO VOTE: With a "No" vote, the returns would be less than half returns with a "Yes" vote. The best alternative would be compliance with wheat allotment, with 27 acres of the wheat base shifted to grain sorghum and no participation in the feed grain program. Non-compliance with wheat acreage allotment would return about $400 less income. However, with a "No" vote, many farmers would not participate in either the wheat or feed grain program. If would pay a farmer who had considerable land outside his grain base, to stay out of the programs and plant the extra land to wheat or grain sorghum.

Table 10.-Returns, 640-acre cash-grain farm, Central Kansas,
Typical of: Annual crop area, Southern Plains

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/
Base acreage (1963 allotment)	280	107	280	107
Diverted acres	28	21	---	---
Harvested acres	252	86	7/252	8/135
Average yield per acre	17.7	31.4	17.7	31.4
Production, bu.	4,460	2,700	4,460	4,239
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	2.00	---	---	---
Other wheat loan rate, per bu.	1.30	---	1.20	---
Market price, per bu.	---	.89	1.10	.89
Crop sales	2/8,296	2,404	5,352	3,773
Support payments 3/	---	432	---	---
Diversion payments	297	138	---	---
Gross returns	8,594	2,974	5,352	3,773
Direct expenses 4/	2,024	880	1,940	1,283
Overhead expenses 5/	3,940		3,940	
Returns 6/	4,724		1,962	
Returns with no wheat compliance			1,348	

1/ Grain sorghum. 2/ Includes 3,568 bushels of marketing allocation wheat at $2.00 and 892 bushels of "other" wheat at $1.30. 3/ Normal sorghum production (2,700 bu.) on 86 acres at 16 cents. 4/ Includes seed, fertilizer, tractor fuel, repairs, custom services and other out-of-pocket expenses. 5/ Includes depreciation, taxes, insurance and other overhead expenses. 6/ Returns to operator and family labor and to land and other investment. 7/ Wheat acreage allotment. 8/ Includes 28 acres from wheat base used for grain sorghum.

In this area, wheat and sorghum are less profitable when grown on fallowed land than when grown after another crop. But fallow is increasing because land diversion provides the land for summer fallowing; hence diversion becomes more attractive than otherwise.

YES VOTE: Returns would be only slightly higher ($130) with the minimum mandatory wheat diversion of 28 acres, than with the additional voluntary diversion of 50 acres of wheat. The difference would be so slight that farmers in similar situations might go either way--minimum or maximum diversion. Because returns from nonallocation wheat are lower than returns from grain sorghum there would be little incentive to substitute wheat on the feed grain base.

NO VOTE: With a "No" vote, the returns would be less than half what they would be with a "Yes" vote. The best alternative would be to comply with the wheat acreage allotment and shift 28 acres of wheat land into grain sorghum, with no participation in a feed grain program. Many farmers in the area would stay out of both programs. Wheat at $1.20 would bring lower returns than grain sorghum supported at $1.05 per bushel, hence no incentive to substitute wheat for grain sorghum. Grain sorghum acreage would not expand greatly because of the erosion hazard. Some farms have cropland outside their wheat and feed grain bases which could be used for grain production if they stayed out of the programs.

Table 11.--Returns from wheat and feed grains on 180-acre grain-livestock farm, Northwest Ohio, under 1964 program. Typical of: Corn Belt

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/
Base acreage (1963 allotment)	40	70	40	70
Diverted acres	11.2	14	---	14
Harvested acres	28.8	56	7/36	56
Average yield per acre	28	66	28	66
Production, bu.	806	3,696	1,008	3,696
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	2.02	---	---	---
Other wheat loan rate, per bu.	1.32	---	1.22	---
Market price, per bu.	---	1.07	1.12	1.07
Crop sales	2/1,628	4,029	1,230	4,029
Support payments	---	3/ 665	---	3/ 665
Diversion payments	271	235	---	235
Gross returns	1,899	4,929	1,230	4,929
Direct expenses 4/	667	1,778	804	1,778
Return above direct expenses	1,232	3,151	426	3,151
Overhead expenses 5/	1,600		1,600	
Returns 6/	2,783		1,977	
Returns with no wheat compliance	---		1,925	

1/ Corn. 2/ Includes 806 bushels of marketing allocation wheat at $2.02 and no "other" wheat. 3/ Normal corn production (3,696 bu.) on 56 acres at 14 cents. 4/ Includes seed, fertilizer, tractor fuel, repairs, custom services and other out-of-pocket expenses. 5/ Includes depreciation, taxes, insurance and other overhead expenses. 6/ Returns to operator and family labor and to land and other investments. 7/ Wheat acreage allotment, leaving 4 acres for land uses or crops other than grains.

Wheat is the cash crop on this grain-livestock farm. Wheat cannot compete as a feed crop with hybrid corn, but it complements the grain and forage rotation. A fall-seeded crop such as wheat is needed on soils slow to dry in the early spring.

YES VOTE: With a "Yes" vote the highest returns would result from the maximum voluntary diversion of 11.2 acres of wheat plus a minimum diversion of feed grains with a program like 1963. Maximum diversion of wheat would pay better than minimum because the return from voluntary diversion would be about $10 per acre higher than from growing nonallocation wheat ($25.28 vs. $14.96). With feed grains the minimum mandaory diversion would pay better than the maximum diversion because corn at $1.27 (assumed market price plus 18 cents) would give a higher return ($40.94) than the voluntary diversion payment ($25.28). The farm would participate

in the feed grain program at the minimum level because the farm would get the 18 cents per bushel payment on all corn produced, whether fed on the farm or sold--with a 1963 type program.

NO VOTE: With the wheat program that would be in effect with a "No" vote, the returns (above direct expenses) from the wheat enterprise would be about $426 as compared with $1,232 with a "Yes" vote. Compliance with wheat acreage allotments would pay slightly better than noncompliance if the farmer continues to grow wheat. But the return from the wheat enterprise would be so low that some farmer would discontinue wheat and shift to another crop. The income from the feed grain base would be about the same whatever the outcome of the wheat referendum vote, as there would be no incentive to substitute wheat for corn.

Farmers with wheat allotments of less than 15 acres have two alternatives not available to larger wheat growers, under the 1964 Wheat Program; with a "Yes" vote.

(1) The small wheat producer may divert his entire wheat allotment to conservation uses. He would receive diversion payments for the allotment acreage diverted.

If the entire allotment were diverted he would receive no marketing allocation, since no wheat would be grown.

(2) The small wheat producer may stay out of the program and grow, without penalty, the average wheat acreage grown in 1959, 1960, and 1961. He would not receive diversion payments, price support loans or a wheat marketing allocation.

The provisions under a "Yes" or "No" vote might affect a Kentucky farm with a small wheat allotment somewhat as follows:

Table 12.- Returns from wheat and feed grains on 133-acre, grain-livestock farm, Southern Kentucky, under 1964 program

Item	With a "Yes" vote		With a "No" vote	
	Wheat	Feed grain 1/	Wheat	Feed grain 1/
Base acreage (1963 allotment)	12.0	30.0	12.0	30.0
Diverted acres	3.4	6.0	---	6.0
Harvested acres	8.6	24.0	6/10.8	24.0
Average yield per acre	25.0	52.0	25.0	52.0
Production, bu.	216.0	1,248.0	270.0	1,248.0
	Dollars	Dollars	Dollars	Dollars
Marketing allocation loan rate, per bu.	2.07	---	---	---
Other wheat loan rate, per bu.	1.37	---	1.27	---
Market price, per bu.	---	1.08	1.17	1.08
Crop sales	2/447	1,373	343	1,373
Support payments	---	225	---	225
Diversion payments	76	80	---	80
Gross returns	523	1,678	343	1,678
Direct expenses 3/	208	786	252	786
Return above direct expenses	315	892	91	892
Overhead expenses 4/	600		600	
Returns 5/	607		383	

1/ Corn. 2/ Includes 216 bushels of marketing allocation wheat at $2.07 and no "other" wheat. 3/ Includes seed, fertilizer, tractor fuel, repairs, custom services and other out-of-pocket expenses. 4/ Includes depreciation, taxes, insurance and other overhead expenses. 5/ Returns to operator and family labor and to land and other investment. 6/ Wheat acreage allotment, leaving 1.2 acres for land uses, or crops other than grains.

The income from wheat makes up only a small part of the total income on this farm. Wheat serves as a supplementary cash crop. This farm has a wheat base of 12 acres and a feed grain base of 30 acres.

YES VOTE: The largest return above direct costs, $315, would be obtained by diverting 3.4 acres (1.2 acres as required plus 2.2 acres voluntarily), and raising wheat on the remaining allotment acreage. It would pay to produce only as much wheat as would be covered by the marketing allocation. However, the effect on income is so small that the choice between growing the maximum acreage of wheat covered by the marketing allocation and the maximum permitted wheat acreage is not an important consideration. The main choice is between growing the alloted acreage or diverting the entire wheat base. Another alternative is to grow the 1959-1960-1961 average wheat acreage, and forego diversion payments, marketing allocation and the support price. The returns above direct costs from the 12 acre wheat base for the three alternatives are:

Participation and growing wheat $315
Participation and diversion of entire base. $271
Nonparticipation and growing wheat $129

There is a definite income advantage to participating in the wheat program.

The largest return from feed grain would be obtained by making a minimum acreage diversion. There would be no incentive to grow wheat on the feed grain acreage since corn is a more profitable crop. The return above direct costs would be $11.25 per acre of nonallocation wheat as compared to $34.56 per acre of corn.

NO VOTE: Income above direct costs from wheat would be only $91 compared with $315 with the "Yes" vote, due to the lower support price and absence of diversion payments. Compliance with the program would result in slightly larger income than noncompliance if the farm continues to grow wheat. But with such a small return for labor and investment, many farmers would likely discontinue wheat production and shift to another crop. Wheat might continue to be grown on those farms with above-average wheat yields, in situations where a winter cover on the cropland is desired to reduce erosion losses, or where wheat is used as a nurse crop for legumes.

Other Considerations on Farms With Small Wheat Acreage

Over three-fourths of the farms with small wheat allotments are located in the Corn Belt, Eastern and Southern wheat-producing areas. Farms in these areas have a variety of crops that can be substituted for wheat if crop prices should favor such a shift.

Part-time Farm: Wheat is a cash crop suited to part-time farm operations even though other crops may provide a higher return. Wheat requires a minimum of the farmer's time, a small outlay of cash, and a minimum investment in specialized equipment. Soybeans, field beans, or other specialized crops would require more of the farmer's time, more investment in equipment and a greater cash outlay. Thus, participating in the program and either growing wheat or diverting the entire allotment would be attractive to many part-time farmers.

Crop-Livestock Farm: The situation on crop-livestock farms varies. In the Corn Belt and Eastern wheat producing areas, wheat is mainly a supplementary cash crop, providing a small part of the income from the farm. Wheat is often rotated with row crops on soils not suited to intensive cropping, or used as a winter cover on erosive land or as a nurse crop; facts that favor continuation of wheat production. Those crop-livestock farmers situated on soils better suited to row cropping could shift to a substitute crop. They might do this rather than grow wheat at the non-allocation price if there is a "Yes" vote, or at the low price prevailing with a "No" vote. The response to a marketing allocation program would vary widely among these farms.

V. A BRIEF HISTORY OF RECENT WHEAT PROGRAMS

Acreage Allotment and Marketing Quota Provisions

Acreage allotments for wheat have been in effect each year since 1954. Although a national acreage allotment has been computed each year under a formula in the law, the allotment--by law--could not be less than 55 million acres. The national allotment has been 55 million acres each year except in 1954. In 1954, 1955, 1956, and 1962 additional allotment acreage was provided for Durum

Prior to the Agricultural Act of 1962, when the estimated total supply exceeded estimated requirements by over 20 percent, a referendum was called to determine whether marketing quotas would be imposed. If favored by at least two-thirds of the producers voting, marketing quotas were in effect with a sizable cash penalty for overplanting (growers with under 15 acres excepted). If marketing quotas were rejected by producers, the quota provisions were to be suspended, but price support was to be provided for producers who would comply with their acreage allotment.

The minimum national allotment of 55 million acres was appropriate when it was set in the late 1930's. Wheat yields averaged 15 to 16 bushels to the acre. Now with national average yields of about 25 bushels per acre expected, a crop from 55 million acres almost surely would add to wheat stocks, if prices were supported near present levels. The "15-acre exemptions"--available to any farmer--also added to the wheat surplus.

Recognition that the wheat program was not effective led to a temporary effort to reduce wheat production in the mid-1950's by retiring acres into the Soil Bank program (Acreage Reserve and Conservation Reserve). Government-owned stocks of wheat were reduced in 1957 and 1958, and wheat production--though excessive--was less than it could have been.

In 1958-59, however, wheat stocks rose 414 million bushels; by June 30, 1961, stocks reached 1,411 million bushels. Congress authorized temporary wheat stabilization programs for 1962 and 1963. In 1962, acreage allotments on individual farms were reduced by 10 percent from their allotments based on 55 million acres. By devoting the diverted acres to approved soil conserving uses, growers earned land diversion payments. They also were given the opportunity to divert additional wheat acres to conserving uses for payments. The penalty rate for exceeding the farm acreage allotment was raised for 1962, to the actual production, or double

the normal production on the excess acres, valued at 65 percent of parity.

For the 1963 crop, legislation provided a voluntary land diversion program similar to 1962.

Table 17 of the appendix shows wheat allotments, harvested acres, yields and carryover by States for several years.

Price Support

Several legislative acts passed between 1949 and 1962 provided a formula for computing the price support level between 75 and 90 percent of parity, depending on the relationship of total supplies to normal requirements. In view of the large surplus supplies, support in most years, under the formula, would have been at the minimum of 75 percent of parity, except that the Korean War and war-related legislation kept the formula from becoming effective during several years in the early 1950's. For crops of 1955 and 1956, support was above 75 percent of parity under special legislative authority. The minimum support level is usually determined and announced prior to producer referendums referred to previously. It is always recomputed at the beginning of the marketing year (July 1) and increased if required by virtue of a change in the total supply or in the parity price. In no case is it lowered.

Table 18 of the appendix indicates the national average price support and percent of parity during this period.

Price support is extended to cooperating producers (that is, those who comply with their acreage allotment) through nonrecourse loans and purchase agreements and, for the 1963 crop, by a price support payment to those producers who voluntarily retire a portion of the wheat allotment to a conservation use. In some years, such as 1953, 1954, and 1958, more than 40 percent of the total wheat crop was placed under price support with much of it delivered to CCC.

Support prices for wheat are adjusted from the U.S. average to reflect grade, quality, class, and locational differences in the value of the wheat, and to assure producers a fair and equitable support level for their particular wheat.

Faced with large surpluses of wheat, the Government initiated special programs to widen the market. With support and resulting U. S. market prices exceeding world prices, export subsidy payments were made to exporters to bridge the gap between world prices and U. S. prices. The yearly average subsidy rate for the last 10 years generally ranged from $.50 to $.75 per bushel. Additional exports of wheat were encouraged and financed under special programs now known as Food for Peace. During recent years nearly 80 percent of Hard Red Winter exports and two-thirds of White wheat exports moved through Food for Peace programs. In spite of the high level of exports encouraged by these and other programs, the volume has not been enough to offset increased wheat production and a relatively stable domestic consumption. Furthermore, although there remain millions of hungry people around the world, there are numerous political, economic, and physical obstacles which prevent exports under these programs from substantially increasing in volume.

Hard Winter Wheat Carryover to Drop in 1963

BIL. BU.

Hard red winter
Hard red spring
White
Soft red winter
Durum

CARRYOVER ON JULY 1. 1963 PROJECTED.

U. S. DEPARTMENT OF AGRICULTURE   NEG. ERS 913X-62(9)   ECONOMIC RESEARCH SERVICE

- 32 -
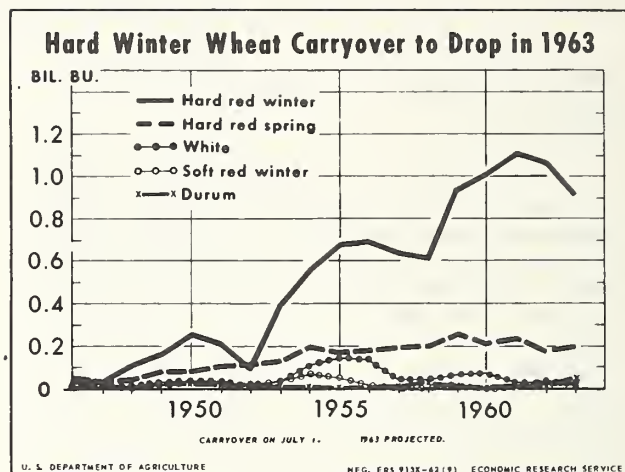
VI. THE DOMESTIC WHEAT SITUATION

Wheat production in the United States exceeded disappearance during the 1950's and carryover stocks reached a peak of 1.4 billion bushels on July 1, 1961, with a decline to approximately 1.3 billion bushels on July 1, 1962 (table 20).

The buildup took place despite growth in population, a three-fold increase in exports, and Government programs which restricted production. Factors which contributed to increasing stocks were the long-term decrease in per capita consumption of wheat, a 50 percent increase in per acre yields during the last decade, and legislative provisions which:

1. Kept national wheat acreage allotments at a minimum of 55 million acres;

2. Permitted exemptions from the national allotments;

3. Offered price support between 75 and 90 percent of parity on all production from the allotted acres, thus encouraging maximum yields per acre.

The decrease in per capita consumption and increase in population have just about balanced each other, so domestic use of wheat as food over the last 50 years has been fairly stable at about 500 million bushels per year.

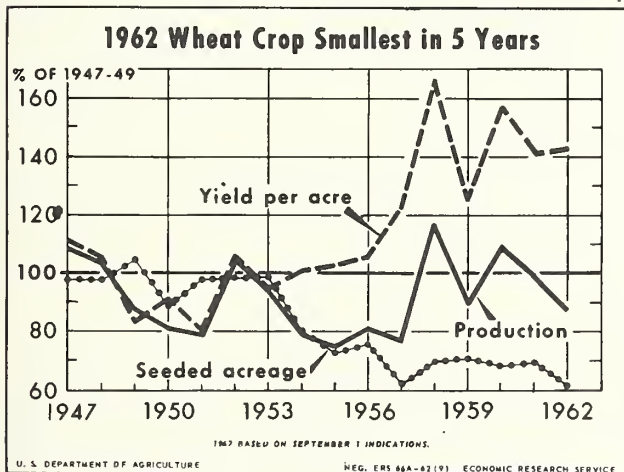
1962 Wheat Crop Smallest in 5 Years

% OF 1947-49

1947 BASED ON SEPTEMBER 1 INDICATIONS.

U. S. DEPARTMENT OF AGRICULTURE   NEG. ERS 66A-62(9) ECONOMIC RESEARCH SERVICE

Use by Classes

Each class of wheat has certain basic uses: Hard Red Winter and Hard Red Spring wheats in bread, Soft Red and Soft White in pastry, crackers, biscuits and cakes; Durum in spaghetti and similar products. Producers of each class tend to think of their wheat as unique: that it has qualities so distinctive that it would be in demand and maintain its value in spite of a general decline in wheat prices.

Actually there can be, and frequently is, considerable substitution of one class of wheat for another when price or quality make it attractive. Flour millers frequently change their proportions of Hard Red Winter and Hard Red Spring wheats in bread flour. From a quality standpoint, substitution between soft wheats from the Pacific Northwest and the Corn Belt is possible, but shipping costs usually make it impractical financially. Even in macaroni products, normally made of 95 percent Durum, other wheats have been substituted up to 25 percent, following a short crop of Durum.

Exports

Exports of wheat have tripled in the last 10 years, to an alltime high of 718 million bushels (including flour equivalent) in 1961-62, almost entirely as a result of Government programs.

All U. S. exports of wheat are financed to some extent by the Government. Commercial sales for dollars, which make up one-fourth to one-third of total exports, are subsidized by Government payments ranging from 60 to 75 cents per bushel--the difference between the domestic and the world price. The remainder is Government financed largely under provisions of P. L. 480, with payment in foreign currency or in goods. There also have been sizable U. S. donations to nations suffering disasters.

Special Programs Exports by Classes

Exports under P. L. 480 are referred to here as "special programs." The importance of "special programs" exports varies by class of wheat (table 19). During the five years ended June 30, 1962, about 78 percent of the exports of Hard Red Winter were under special programs; White, 64 percent; Soft Red Winter, 48 percent; Hard Red Spring, 23 percent. All Durum exports were sold for dollars--with Government subsidy, however. During two years, no Durum was exported.

Special Program Exports as a Share of Total Production

During the last five years, one-fourth of the U. S. total wheat production was exported under special programs. White wheat, mostly from the Pacific Northwest, leads in the percentage of total production exported under these programs--45 percent. For Hard Red Winter, it is 30 percent; for Soft Red Winter, 11 percent; and for Hard Red Spring, 4 percent. These figures do not include Government sponsored exports of flour, which have increased from less than one-half million cwt. in 1954-55 to 30 million in 1960-61.

Carryover Stocks

Carryover stocks of the Hard Red wheats are largest in total volume with Hard Red Winter comprising 80 percent of CCC stocks (table 20). White wheat, however, ranks first in the percentage of the crop which is in excess of primary uses (domestic use plus exports for dollars). From 1957 to 1961, primary uses for White wheat took only 46 percent of production, leaving 54 percent for carryover or special programs. Primary uses took 49 percent of the production of Hard Red Winter wheat, leaving 51 percent for carryover or special programs. About 83 percent of Soft Red Winter wheat was needed for primary uses; 98 percent of Hard Red Spring and 93 percent of Durum.

Smaller Wheat Supply to Reduce 1963 Carryover

BIL. BU.

TOTAL SUPPLY { Carryover at year end / Exports * / Domestic use †

2.5 2.0 1.5 1.0 0.5 0

1952-53 '54-55 '56-57 '58-59 '60-61 '62-63

YEAR BEGINNING JULY.   * INCLUDES FLOUR MILLED FROM DOMESTIC WHEAT ONLY
† INCLUDES TERRITORIAL AND MILITARY FOOD USE.   △ 1962-63 DATA ARE SEPT. ESTIMATES.

U. S. DEPARTMENT OF AGRICULTURE   NEG. ERS 331A-62 (9)   ECONOMIC RESEARCH SERVICE
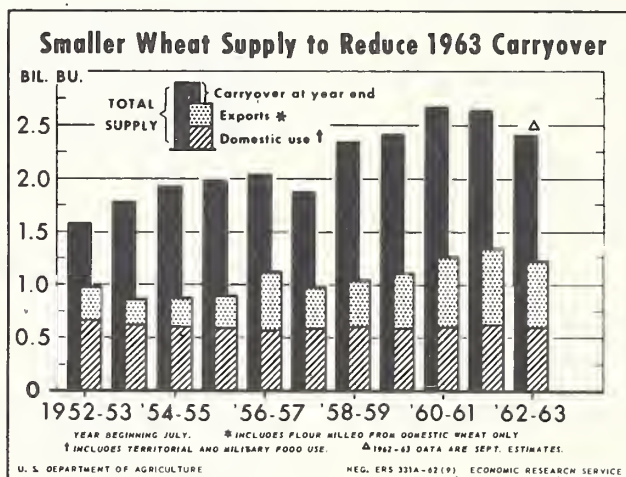
Size and character of the world market

World wheat exports have almost doubled since 1950 (table 21). From an average of 948 million bushels for the crop years 1950-51 to 1954-55 they rose to a record level of 1,702 million bushels in crop year 1961-62, or 80 percent above 1950-55. Several factors account for the expansion:

(1) Consumer demand increased, stimulated by economic development and aid programs in less-developed countries.

(2) World carryover supplies of more than 2 billion bushels, about 80 percent in the United States and Canada, encouraged sales.

(3) India and Communist China have had an extraordinary need for wheat in recent years. Pakistan, Egypt, Poland, Yugoslavia, Brazil and others have gradually increased their imports. U. S. exports of wheat to India in 1960-61, for example, were 124 million bushels, or 19 percent of all our exports for that year. Canadian exports to Communist (Mainland) China were 72 million bushels in 1961-62 or 20 percent of total Canadian exports. Australia's exports to Communist China in 1960-61 amounted to 40 million bushels or 29 percent of her exports for the year.

(4) Adverse weather in 1961 sharply reduced production in Western Europe, Asia, and North Africa. A short crop required France to reduce exports and to make substantial imports. Communist China had the third consecutive short grain crop. Increased feeding of wheat to livestock, particularly in Western Europe and Japan, added to imports.

Since world output in 1962-63 is expected to be about 625 million bushels above the 1961-62 crop and much of the increase is in wheat-deficit areas, world trade in wheat in 1962-63 is expected to be below that of 1961-62. The large wheat crop in 1962-63, forecast at more than 8.5 billion bushels, is second only to that of 8.7 billion bushels in 1958-59 (table 22).

An increase of about 310 million bushels in Western Europe's 1962 production over 1961 will reduce exports to that area. Increases in production are also reported in Canada, Asia, Africa, and Australia. South America's prospects improved over early-season expectations. Eastern Europe is the only large area in 1962-63 with wheat production below the 1961-62 level.

U. S. Share of the World Market

Within the last decade, the U. S. share in total world wheat exports rose from a low of 25 percent in 1953-54 to a peak of 43 percent in 1960-61. It declined slightly in 1961-62 to 42 percent. U. S. exports rose

from 217 million bushels in 1953-54 to 718 million bushels in 1961-62. Broadly speaking, their destination was: (1) to those countries in a position to pay for their imports in dollars, and (2) to those countries lacking the dollars to pay for the wheat they needed. A third type of recipient was the country suffering from disaster such as drought, flood, or earthquake.

All exports are subsidized or financed by the Government in one way or another. The Government pays a subsidy to the U. S. exporter on all wheat and flour exports. In addition, on P. L. 480 exports, the Government accepts payment in non-negotiable foreign currency or in goods and reimburses the exporter in dollars.

The principal dollar markets are industrially advanced countries, such as the nations of Western Europe and Japan. As these countries gained in economic strength after World War ll, their purchases have been made increasingly on a commercial basis, and they have tended more and more to buy where they could obtain wheat of the type and quality that most suited them, and at the most advantageous price and terms. Under these conditions their dollar purchases have remained fairly constant, except when weather conditions reduced their domestic supplies.

Since World War ll the United States has followed the policy of assisting the economic development of friendly countries. An important part of that assistance has taken the form of wheat sales for local currencies.

Sales for dollars averaged 32 percent of total wheat exports during the 5-year period 1957-58 to 1961-62. They were highest in 1960-61 when they amounted to 209 million bushels, or 36 percent of total U. S. wheat exports. Shipments under various types of foreign assistance programs, particularly Public Law 480 sales for currencies of the importing country, made up the remainder of U. S. wheat exports.

U.S. Increases Exports in Record World Wheat Market

MIL. BU.

Legend: Argentina, Canada, United States, Others, U.S.S.R., Australia, Total world exports*

1,600 — 1,200 — 800 — 400 — 0

1955 1956 1957 1958 1959 1960 1961 1962 1963

YEAR ENDING JUNE 30.   *INCLUDES WHEAT EQUIVALENT OF FLOUR.

U. S. DEPARTMENT OF AGRICULTURE   NEG. FAS 2298 FOREIGN AGRICULTURAL SERVICE
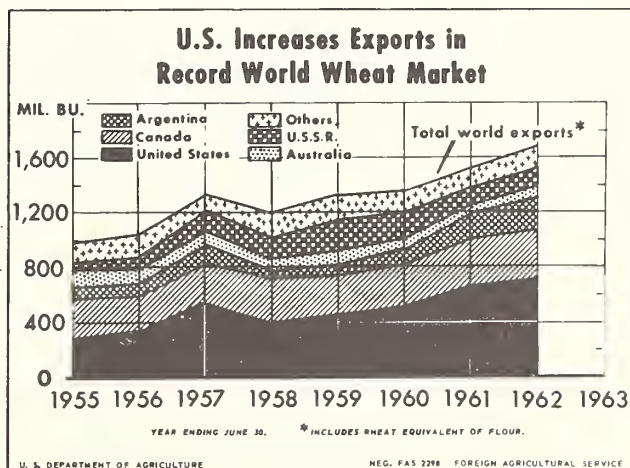
International Wheat Agreement

The International Wheat Agreement of 1962 is the fifth in a series of agreements which have been in effect continuously since August 1, 1949. The U. S. has been a participant in all the IWA programs. Of the 46 nations in the 1962 Agreement, 10 are classed as exporters and 36 as importers. Sales under IWA programs in recent years have represented more than 90 percent of the dollar sales by the U. S.

The essential elements of the Wheat Agreement are as follows:

1. An agreed maximum-minimum price range for trade within the Agreement.

2. An obligation on the part of each member importing country to purchase from member exporting countries when prices are within the price range, not less than a percentage specified for each country, individually, of its annual total commercial purchases from all sources. Additional purchases also should be within the price range.

3. An undertaking, on the part of member exporting countries in association with one another, to make wheat available within the price range so as to enable importing countries to discharge their percentage obligations with respect to commercial purchases; and an obligation on the part of exporting countries, in the event prices go to the maximum, to furnish importing countries at the maximum price with quantities of wheat equal to their average commercial purchases on a historical basis; thereafter, prices may exceed the maximum.

4. Provision for an annual review by the Wheat Council of the world wheat situation and for the Council to inform member countries of the effects on international trade in wheat of the sum-total of national policies.

The price range in the current (1962) Agreement is $2.02-1/2 maximum—$1.62-1/2 minimum (U. S. funds), per bushel, in terms of a basic grade and a common basing point, namely, No. 1 Manitoba Northern in bulk in store at the head of the Great Lakes. For purposes of relating the basic price to any other particular wheat in the world the maximum and minimum prices must be adjusted on the basis of:

a. Current exchange rates (none in the case of the U. S.).

b. Current transportation costs.

c. Allowance for quality difference. (These differentials vary (1) according to the supply situation and (2) the validity of the justification advanced by the exporting country.)

As an example of the equivalents at U. S. ports of the Agreement price range, the recent equivalents at U. S. Gulf ports (basis open navigation on the St. Lawrence) for Hard Red Winter wheat of average quality were roughly $1.95 maximum and $1.55 minimum. The comparable average U. S. farm price range for this same type of wheat is roughly $1.55 maximum and $1.15 minimum per bushel.

Durum and certified seed wheat are excluded from the price range. Other wheat may not be sold below the minimum (after taking account of differentials) under any circumstances.

The Potential Market

On the basis of continued high levels of economic activity over the world, and barring any major wars disrupting production and trade, projections made in the Economic Research Service of the USDA indicate world wheat consumption in 1966 between 9.2 and 9.5 billion bushels. In 1958, it was about 8 billion bushels. World wheat consumption is expected to increase at an annual average rate of 150 to 200 million bushels.

World wheat production and carryover stocks are expected to be more than ample to meet the projected effective demand. Increased output at an annual average rate of about 2 percent would be adequate to meet the expected demand. A large part of this increased output will probably take place in the major wheat importing countries. The deficit countries of southern Asia are making strong efforts to increase their production of cereals in order to raise the living levels of their populations, and to save foreign exchange. Most West European countries are increasing wheat output steadily except in years of adverse weather conditions. Japanese production has increased markedly in the last few years.

As in the United States and Canada per capita consumption of wheat is declining in Western Europe. It is increasing, however, in low income countries whose living levels are being raised by increased industrial activity. In the latter countries there are generally long-term balance of payments problems which preclude large wheat purchases, except with a substantial amount of aid, or long-term credit. For markets in countries whose increasing prosperity allows them to make their purchases of wheat with dollar or other hard currencies there will most likely be keen competition among the traditional wheat exporters, namely, the United States, Canada, Australia, Argentina, and the U. S. S. R.

The European Economic Community (Common Market)

The nations comprising the European Economic Community traditionally have afforded an important market for U. S. grain. During the three years ending June 30, 1961, these nations imported a total of 190 mil-

lion bushels of wheat and 9 million tons of feed grain annually. The U. S. supplied 24 percent of the wheat and 43 percent of the feed grains.

The future volume of EEC grain imports depends on whether it follows a protectionist or a liberal policy concerning grains.

In France, and to a lesser extent in other EEC countries, production will be influenced greatly by the level at which wheat prices are set under the Common Market's agricultural policy. If the EEC price levels are set near the German level of nearly $3.00 per bushel France is expected to increase wheat production significantly. The Common Market would reduce imports, and have increasing amounts of wheat for feed and export. If a lower price is adopted, production in France might increase by a lesser amount.

World Wheat Production Near Record; Foreign Exporters Up from Year Ago

BIL. BU.

Others
Australia
Argentina
France
Canada
United States
U.S.S.R.

1956 1957 1958 1959 1960 1961 1962

YEAR OF HARVEST.

U. S. DEPARTMENT OF AGRICULTURE   NEG. FAS 2799   FOREIGN AGRICULTURAL SERVICE

- 37 -
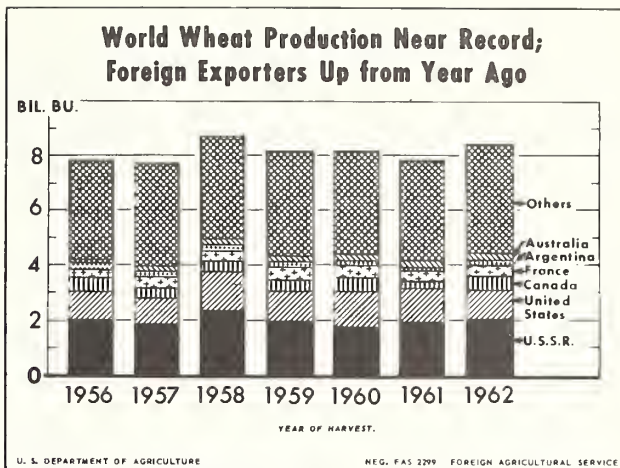
Table 13.- Wheat: Planted acreage and acreage allotments and as a percentage of United States total, by States, selected years

State and region by major class of wheat	Planted acreage 1949-53 average		Allotments			
			1955		1963	
	Actual	:Percentage of total	Actual	: Percentage of total	Actual	:Percentage of total
	1,000 acres.	Pct.	1,000 acres	Pct.	1,000 acres	Pct.
Western States (White)						
Arizona	24	1/	19	1/	41	.1
California	688	.9	481	.9	423	.8
Idaho	1,677	2.1	1,172	2.1	1,193	2.2
Nevada	19	1/	13	1/	12	1/
Oregon	1,171	1.5	833	1.5	852	1.5
Washington	3,036	3.9	2,046	3.7	2,042	3.7
Total	6,615	8.4	4,564	8.2	4,563	8.3
Northern States (Hard Spring and Durum)						
Minnesota	1,125	1.4	815	1.5	721	1.3
Montana	6,003	7.7	4,230	7.6	4,026	7.3
North Dakota	10,385	13.3	7,790	13.9	7,500	13.7
South Dakota	3,994	5.1	2,822	5.1	2,755	5.0
Total	21,507	27.5	15,657	28.1	15,002	27.3
Southern Plains States (Hard Winter)						
Colorado	3,745	4.8	2,688	4.8	2,639	4.8
Kansas	14,841	19.0	10,504	18.8	10,762	19.6
Nebraska	4,615	5.9	3,212	5.8	3,158	5.7
New Mexico	641	.8	448	.8	469	.9
Oklahoma	6,614	8.4	4,792	8.6	4,922	9.0
Texas	5,912	7.6	4,208	7.5	4,020	7.3
Utah	452	.6	321	.6	300	.5
Wyoming	421	.5	301	.5	288	.5
Total	37,241	47.6	26,474	47.4	26,558	48.3
Corn Belt States (Red Winter)						
Arkansas	53	.1	51	.1	72	.1
Illinois	1,868	2.4	1,376	2.5	1,423	2.6
Indiana	1,640	2.1	1,154	2.1	1,086	2.0
Iowa	252	.3	138	.2	118	.2
Kentucky	366	.5	206	.4	203	.4
Michigan	1,336	1.7	1,005	1.8	938	1.7
Missouri	1,687	2.2	1,141	2.0	1,321	2.4
Ohio	2,263	2.8	1,599	2.8	1,479	2.7
Tennessee	276	.4	201	.4	178	.3
Wisconsin	89	.1	55	.1	37	.1
Total	9,830	12.6	6,926	12.4	6,855	12.5
Eastern and Southern States (Red Winter)						
Alabama	16	1/	13	1/	50	.1
Delaware	60	.1	43	.1	29	.1
Georgia	140	.2	106	.2	108	.2
Louisiana	---	---	2	1/	25	1/
Maryland	294	.4	204	.4	167	.3
Mississippi	28	1/	19	1/	51	.1
New Jersey	107	.1	57	.1	49	.1
New York	445	.6	322	.6	312	.5
North Carolina	433	.6	287	.5	279	.5
Pennsylvania	886	1.1	640	1.2	523	.9
South Carolina	168	.2	137	.2	140	.3
Virginia	412	.5	278	.5	236	.4
West Virginia	72	.1	43	.1	32	.1
Total	3,061	3.9	2,151	3.9	2,001	3.6
Other 2/	---	---	5	1/	9	1/
Unapportioned national reserve	---	---	25	1/	12	1/
United States total	3/78,258	100.0	4/55,802	100.0	55,000	100.0

1/ Less than 0.05 percent. 2/ Alaska, Connecticut, Florida, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. 3/ Total based on unrounded figures. 4/ National allotment exceeds 55 million acres because the minimum was increased to provide additional acreage for the production of durum in Minnesota, North Dakota, South Dakota and Montana.

Table 14.- Wheat: Harvested acreage, by States, selected years

State and region by major class of wheat	5-year 1949-53 average	1955	1959	1961	1962
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Western States (White)					
Arizona	21	42	94	26	24
California	619	423	356	337	307
Idaho	1,569	1,198	1,182	1,083	957
Nevada	18	8	21	12	17
Oregon	1,092	824	800	796	680
Washington	2,796	1,998	2,000	1,974	1,697
Total	6,115	4,493	4,453	4,228	3,682
Northern States (Hard Spring and Durum)					
Minnesota	1,088	634	970	1,022	731
Montana	5,584	4,628	3,966	3,679	3,465
North Dakota	9,935	7,212	6,495	5,730	5,519
South Dakota	3,758	2,400	1,932	2,260	1,721
Total	20,365	14,874	13,363	12,691	11,436
Southern Plains States (Hard Winter)					
Colorado	2,786	1,299	2,475	2,468	1,899
Kansas	12,496	8,559	10,329	10,329	8,986
Nebraska	4,093	3,141	3,104	3,220	2,760
New Mexico	223	215	227	276	210
Oklahoma	5,434	3,020	4,529	4,618	3,787
Texas	3,301	1,508	3,228	3,690	2,731
Utah	427	348	235	215	189
Wyoming	382	277	261	229	213
Total	29,142	18,367	24,388	25,045	20,775
Corn Belt States (Red Winter)					
Arkansas	38	77	136	162	112
Illinois	1,809	1,576	1,660	1,672	1,522
Indiana	1,574	1,186	1,217	1,290	1,096
Iowa	214	115	165	124	88
Kentucky	259	201	168	175	131
Michigan	1,323	948	1,112	1,111	922
Missouri	1,437	1,551	1,518	1,374	976
Ohio	2,202	1,496	1,264	1,457	1,209
Tennessee	246	201	167	148	107
Wisconsin	87	53	62	58	48
Total	9,189	7,404	7,469	7,571	6,211
Eastern and Southern States (Red Winter)					
Alabama	12	53	55	56	35
Delaware	57	33	27	23	19
Georgia	129	100	101	94	47
Louisiana	---	17	35	35	40
Maryland	275	179	155	142	129
Mississippi	16	13	33	42	30
New Jersey	81	51	46	42	35
New York	431	316	254	244	198
North Carolina	392	329	404	392	204
Pennsylvania	863	614	530	524	451
South Carolina	161	152	173	140	56
Virginia	379	255	270	259	179
West Virginia	61	40	25	23	18
Total	2,857	2,152	2,108	2,016	1,441
United States total	1/67,672	47,290	51,781	51,551	43,545

1/ U. S. average; State totals unadjusted.

Table 15.- Wheat: Number of farms, allotment acres and planted acreage of farms with allotments of 15 acres or less, 1956 and 1961

State and region by major class of wheat	1956			1961		
	Farms	Allot-ment	Planted acreage	Farms	Allot-ment	Planted acreage
	Thousands	1,000 acres	1,000 acres	Thousands	1,000 acres	1,000 acres
Western States (White)						
Arizona	1/	1/	1/	0.9	4.8	3.4
California	2.2	6.8	8.6	2.9	10.7	13.1
Idaho	18.5	102.8	121.8	18.1	97.9	118.7
Nevada	1/	1/	1/	1/	1/	1/
Oregon	8.7	38.8	47.6	11.4	46.7	60.8
Washington	5.3	22.3	24.9	7.9	28.2	48.2
Total	34.7	170.7	202.9	41.2	188.3	244.2
Northern States (Hard Spring and Durum)						
Minnesota	30.0	148.7	146.1	48.9	125.7	485.4
Montana	4.6	23.9	24.3	4.9	26.1	26.2
North Dakota	2.6	23.3	15.2	4.9	30.2	43.5
South Dakota	8.2	52.4	36.1	14.7	50.1	152.6
Total	45.4	248.3	221.7	73.4	232.1	707.7
Southern Plains States (Hard Winter)						
Colorado	6.0	29.6	25.2	6.4	28.2	39.1
Kansas	31.4	154.7	295.3	44.1	224.3	400.7
Nebraska	23.6	152.4	194.3	28.9	168.3	254.4
New Mexico	2.0	6.3	5.1	2.5	7.4	8.7
Oklahoma	23.0	68.7	195.4	30.1	107.2	237.8
Texas	22.4	98.4	133.0	33.4	123.0	331.9
Utah	10.2	41.4	41.7	9.5	41.5	33.8
Wyoming	1.6	9.6	4.6	1.3	6.8	4.5
Total	120.2	561.1	894.6	156.2	706.7	1,310.9
Corn Belt States (Red Winter)						
Arkansas	8.1	10.4	55.2	14.9	30.3	122.7
Illinois	89.4	433.1	711.8	107.3	506.5	943.6
Indiana	88.6	516.4	597.8	100.7	509.7	817.6
Iowa	7.4	32.1	45.7	11.9	40.5	61.2
Kentucky	22.2	107.3	100.7	25.4	102.2	100.5
Michigan	94.6	550.4	638.4	98.1	501.5	730.0
Missouri	107.5	331.5	952.2	121.5	567.2	824.1
Ohio	127.2	815.0	851.9	121.4	704.9	824.0
Tennessee	31.2	134.7	122.2	33.5	120.5	106.6
Wisconsin	14.0	40.7	32.7	13.4	34.5	43.4
Total	590.2	2,971.6	4,108.6	648.1	3,117.8	4,573.7
Eastern and Southern States (Red Winter)						
Alabama	1/	1/	1/	6.8	20.5	34.0
Delaware	1.3	8.2	7.6	1.1	7.0	4.9
Georgia	18.6	63.3	70.9	20.7	62.0	70.1
Louisiana	1/	1/	1/	1/	1/	1/
Maryland	10.5	65.4	58.3	11.0	57.1	56.8
Mississippi	1/	1/	1/	2.3	7.4	15.0
New Jersey	4.0	22.5	21.4	3.9	20.2	18.7
New York	32.4	153.5	178.2	31.1	150.7	120.3
North Carolina	64.9	246.2	273.2	78.7	219.7	346.2
Pennsylvania	78.5	423.5	393.6	79.0	375.3	366.9
South Carolina	33.2	96.9	135.7	35.5	96.1	117.5
Virginia	44.6	183.3	186.5	45.4	160.1	187.0
West Virginia	6.5	28.0	18.7	5.9	22.6	12.6
Total	294.5	1,290.8	1,344.1	321.4	1,198.7	1,350.0
United States total	1,085.0	5,242.5	6,771.9	1,240.3	5,443.6	8,186.5

1/ Classified as noncommercial.

Table 16.--Wheat: Distribution of farms and allotted acreage, by allotment size group, for 1961 crop in commercial wheat area

Acreage allotment size group (acres)	Farms with allotments			Allotted acreage			Average allotment per farm
	Number	Percentage of total	Cumulative percentage of total	Actual	Percentage of total	Cumulative percentage of total	
	Thousands	Percent	Percent	1,000 acres	Percent	Percent	Acres
0	1/175.5	9.6	9.6	0	0	0	0
.1 to 5.0	607.9	33.4	43.0	1,474	2.7	2.7	2.4
5.1 to 10.0	345.9	19.0	62.0	2,601	4.7	7.4	7.5
10.1 to 15.0	110.9	6.1	68.1	1,369	2.5	9.9	12.3
15.1 to 25.0	151.2	8.4	76.5	2,875	5.2	15.1	19.0
25.1 to 50.0	162.3	8.9	85.4	5,657	10.4	25.5	34.9
50.1 to 100.0	127.8	7.0	92.4	8,874	16.2	41.7	69.4
100.1 to 200.0	83.1	4.6	97.0	11,961	21.8	63.5	144.0
200.1 to 300.0	28.1	1.5	98.5	6,846	12.5	76.0	243.9
300.1 to 500.0	17.7	1.0	99.5	6,613	12.1	88.1	373.6
500.1 to 1,000.0	7.0	.4	99.9	4,575	8.3	96.4	655.9
1,000.1 and over	1.3	.1	100.0	1,978	3.6	100.0	1,463.0
Total	1,818.7	100.0		2/54,823	100.0		30.1

1/ Farms for 1961 with no wheat acreage allotment, but having wheat acreage history.

2/ Total allotted acreage shown is less than 55 million acres because it excludes the allotments apportioned to noncommercial wheat states and the unused reserve allotments.

NOTE: All computations based on unrounded data.

Table 17.- Wheat: Carryover, allotment, harvested acreage, and yield per harvested acre, United States, 1953-62

Crop year	Carryover beginning of year, July 1	Allotment	Harvested acreage	Yield per harvested acre
	Mil. bu.	Mil. acres	Mil. acres	Bu.
1953	605.5	None	67.8	17.3
1954	933.5	62.8	54.4	18.1
1955	1,036.2	1/55.8	47.3	19.8
1956	1,033.5	1/56.2	49.8	20.2
1957	908.8	55.0	43.8	21.8
1958	881.4	55.0	53.0	27.5
1959	1,295.1	55.0	51.8	21.7
1960	1,313.5	55.0	51.9	26.2
1961	1,411.2	55.0	51.6	24.0
1962 2/	1,304.7	3/55.0	43.5	25.1

1/ Increased for durum allotments.
2/ Preliminary.
3/ Individual farm allotments, based on the 55-million-acre minimum national allotment, were reduced by 10 percent.

Table 18.- Wheat: Season average price received by producers, average support price, and percentage of parity, United States, 1953-63

Crop year	Season average price per bushel	Support price	
		Per bushel	Percentage of parity
	Dol.	Dol.	Percent
1953	2.04	2.21	90
1954	2.12	2.24	90
1955	1.98	2.08	82.5
1956	1.97	2.00	82.6
1957	1.93	2.00	79.7
1958	1.75	1.82	75
1959	1.76	1.81	76.7
1960	1.74	1.78	75
1961	1.83	1.79	75.5
1962	1/2.02	2.00	82.6
1963	---	2/1.82	75

1/ Preliminary.
2/ Plus $0.18 per bushel on the normal production of the acreage planted to those producers who voluntarily retire at least 20 percent of their allotted acres.

Table 19.- Wheat (grain only): Inspections for export, by classes, commercial sales and exports under special programs, annual 1957-58 to 1961-62, average 1957-61

Type of exports and year (July-June)	Hard red spring	Hard red winter	Soft red winter	White	Durum	Mixed	Total
	Million bushels						
1957-58							
Commercial sales 1/	23.1	40.8	3.4	42.8	0.3	2.5	112.9
Special export programs 2/	4.8	106.7	20.3	67.7	0	14.8	214.3
Total	27.9	147.5	23.7	110.5	0.3	17.3	327.2
1958-59							
Commercial sales 1/	23.6	33.0	22.7	33.3	0	0.6	113.2
Special export programs 2/	8.4	160.9	17.0	59.4	0	2.8	248.5
Total	32.0	193.9	39.7	92.7	0	3.4	361.7
1959-60							
Commercial sales 1/	23.5	31.3	15.3	30.5	0	0.2	100.8
Special export programs 2/	12.2	185.1	21.7	92.5	0	0.6	312.1
Total	35.7	216.4	37.0	123.0	0	0.8	412.9
1960-61							
Commercial sales 1/	21.6	107.0	25.9	46.6	5.3	2.3	208.7
Special export programs 2/	3.7	241.3	25.9	86.0	0	0.1	357.0
Total	25.3	348.3	51.8	132.6	5.3	2.4	565.7
1961-62							
Commercial sales 1/	23.1	67.4	39.0	55.0	15.9	1.7	202.1
Special export programs 2/	6.0	328.7	13.4	57.1	0	0.1	405.3
Total	29.1	396.1	52.4	112.1	15.9	1.8	607.4
5-year average							
Commercial sales 1/	23.0	55.9	21.3	41.6	4.3	1.4	147.5
Special export programs 2/	7.0	204.6	19.6	72.6	0	3.7	307.5
Total	30.0	260.5	40.9	114.2	4.3	5.1	455.0
Special programs as a percent of total exports	23	79	48	64	0	73	68

1/ Commercial sales--sales for dollars assisted by Government subsidy payments.

2/ Special Government-financed programs such as Public Law 480 sales for foreign currencies (the major portion), donation, barter, and special long-term credit sales.

43

Table 20.--Wheat: Estimated supply and distribution, by classes,
United States, 1958-62

Item	Hard red winter	Soft red winter	Hard red spring	Durum	White	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1958-59						
Carryover, July 1, 1958	611	6	203	27	34	881
Production	836	192	233	22	174	1,457
Imports 1/	---	---	8	---	---	8
Supply	1,447	198	444	49	208	2,346
Exports, including shipments 2/	259	43	46	1	98	447
Domestic disappearance 3/	252	134	147	26	45	604
Carryover, June 30, 1959	936	21	251	22	65	1,295
1959-60						
Carryover, July 1, 1959	936	21	251	22	65	1,295
Production	620	156	151	20	174	1,121
Imports 1/	---	---	7	---	---	7
Supply	1,556	177	409	42	239	2,423
Exports, including shipments 2/	292	40	49	1	130	512
Domestic disappearance 3/	262	127	142	23	43	597
Carryover, June 30, 1960	1,002	10	218	18	66	1,314
1960-61						
Carryover, July 1, 1960	1,002	10	218	18	66	1,314
Production	794	190	188	34	151	1,357
Imports 1/	---	---	8	---	---	8
Supply	1,796	200	414	52	217	2,679
Exports, including shipments 2/	434	54	32	6	138	664
Domestic disappearance 3/	258	134	145	26	41	604
Carryover, June 30, 1961	1,104	12	237	20	38	1,411
1961-62 4/						
Carryover, July 1, 1961	1,104	12	237	20	38	1,411
Production	754	202	116	21	142	1,235
Imports 1/	---	---	6	---	---	6
Supply	1,858	214	359	41	180	2,652
Exports, including shipments 2/	487	56	42	16	119	720
Domestic disappearance 3/	303	134	130	20	40	627
Carryover, June 30, 1962	1,068	24	187	5	21	1,305
1962-63 4/ 5/						
Carryover, July 1, 1962	1,068	24	187	5	21	1,305
Production	536	154	176	72	154	1,092
Imports 1/	---	---	6	---	---	6
Supply	1,604	178	369	77	175	2,403

1/ Excludes imports for milling-in-bond and export as flour.
2/ Includes shipments to Alaska and Hawaii and the U.S. Territories. Includes exports for
relief or charity by individuals and private agencies.
3/ Wheat for food (including military food use at home and abroad), feed, seed and industry.
4/ Preliminary.
5/ Imports are projected.
NOTE: Figures by classes in this table are not based on survey or enumeration data and are there-
fore only approximations. Class production is established on the basis of the quinquennial
wheat-variety surveys. CCC inventories are reported by classes and total stocks have been broken
down by classes largely on the basis of CCC holdings of each class. Exports and shipments, by
classes, are estimated on the basis of "inspection for export" for wheat as grain and on the
basis of the area from which exports are made for flour.

Table 21.--Wheat and flour 1/: World exports by country, 1955-62

Year ending June 30:	United States 2/	Canada	Australia	Argentina	U.S.S.R.	Other	Total
	--- Million bushels ---						
1953	317	392	99	29	29	121	987
1954	217	288	71	110	20	173	879
1955	275	252	93	132	64	155	971
1956	345	289	102	115	37	152	1,040
1957	549	282	126	98	160	113	1,328
1958	402	317	61	78	144	188	1,190
1959	443	300	75	103	220	180	1,321
1960	510	279	116	78	203	165	1,351
1961	662	342	183	70	140	129	1,526
1962 3/	718	365	232	86	147	154	1,702

1/ Includes wheat equivalent of flour.
2/ Also includes products other than flour in wheat equivalent.
3/ Preliminary.

Table 22.--Wheat: World production, average 1955-59 and annual 1956-62

Year	U.S.S.R.	United States	Canada	France	Argentina	Australia	Other	Total
	--- Million bushels ---							
Average 1955-59	1/1,910	1,095	453	358	226	168	3,740	2/7,950
1956	2,000	1,005	573	225	262	135	3,600	7,800
1957	1,800	956	386	407	214	98	3,804	7,665
1958	2,300	1,457	372	353	245	215	3,753	8,695
1959	1,900	1,121	414	425	215	198	3,882	8,155
1960	1/1,700	1,357	490	405	150	274	3,784	2/8,160
1961	1/1,900	1,235	283	352	190	246	3,669	2/7,875
1962 3/	1/1,900	1,092	531	424	190	270	4,089	2/8,500

1/ Unofficial estimates.
2/ Estimated totals include allowances for any missing data for countries shown and for other producing countries not shown.
3/ Preliminary estimates for Northern Hemisphere countries; for Southern Hemisphere, preliminary forecasts based largely on acreage and weather conditions.

Foreign Crops and Markets, World Summaries, September 27, 1962. FAS.

45